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New Flaws Undermine Security Of Internet

By John Markoff
New York Times Service

SAN FRANCISCO — Newly publicized weaknesses in the basic structure of the Internet indicate that the worldwide computer network may need a time-consuming redesign before it can be safely used as a commercial medium.

The flaws could allow an eavesdropper or criminal to divert many types of documents or software programs traveling over the Internet, examine, copy or alter them, and then pass them on to the intended recipient who would have no easy way of knowing that the files had been intercepted.

Electronic mail and credit card numbers could be read and copied, and special security techniques meant to protect such transactions could be dismantled without the user's knowledge.

That such security flaws exist is not surprising in a system designed originally as a scientific experiment. But the recent rush to the Internet by companies seeking to exploit its commercial possibilities has obscured the fact that giving the system a new purpose has unearthened fundamental problems that could well put off true commercial viability for years.

"Companies would have you believe this is a trivial problem," said Eric Brewer, a professor of computer science at the University of California at Berkeley. "But now there is a financial incentive to exploit these flaws and to do it secretly."

The problems were described in a posting that researchers at the university made this week to several on-line discussion groups. While the discussion groups are intended for computer security experts, they are potentially accessible to millions of Internet users — including break-in artists, who can monitor such electronic discussions for tips on ways to crack computer systems.

The researchers who described the Internet weaknesses include two Berkeley computer science graduate students who noted a security weakness in a popular Netscape Communications Corp. software program last month.

Then as now, the students said they were publicizing the problems to underscore vulnerabilities facing all companies and customers wishing to use the Internet for commerce.

When the Netscape problems were disclosed last month, the company said the security flaws would be corrected in the next version of its software, which would be available at no charge from Netscape's Internet site.

But the newly publicized flaws in the Internet itself indicate that even if a user downloaded a copy of the new, improved Netscape program, a criminal could tamper with the copy along the way and make it unsafe for use in credit card transactions.

The problem is not Netscape's alone. It could affect any organization that operates a computer from which files or software could be downloaded over the Internet. The weakness can be traced to the technical underpinnings of the network, which was set up more than a quarter-century ago not as a medium for conducting business but as a way for academic and scientific researchers to exchange information.

The disclosure of the flaws casts doubt on the aspirations of companies like Netscape, which last summer had one of the most successful stock offerings in Wall Street history based on the promise of the impending arrival

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Rick Lakin/The Associated Press

Rebels Suspend Chechnya Truce Accord They Ask for UN Troops in Another Sign of Rising Tension

By David Hoffman
Washington Post Service

MOSCOW — In another sign of deepening tension in the breakaway republic of Chechnya, rebel leaders Wednesday suspended the July 30 military accord with Russia and demanded that international observers and United Nations troops be brought in before they will return to the bargaining table.

The Organization for Security and Cooperation in Europe, meanwhile, reduced the number of diplomats, to two from six, at its mission in Grozny, the capital of Chechnya, where Russia and the rebels have negotiated. The mission has been the recent target of threats and a grenade attack.

The Chechen rebels' announcement

came two days after Russia said it would suspend participation in the talks, following a bomb attack that gravely wounded its military commander in the region, Lieutenant General Anatoli Romanov. Fifteen others were wounded and three were killed.

The attack set off days of debate among senior Russian officials about whether to impose a state of emergency in the secessionist republic. President Boris N. Yeltsin said he was not yet ready to take such a step because other options had not been exhausted, but his hard-line defense and interior ministers have continued to voice support for the plan.

The rebel leader, Dzhokhar Dudayev, said through a spokesman in Grozny that the military accords had been suspended and that UN troops were needed. Russia has insisted that the conflict is an internal

matter and is likely to reject the demand for international troops and observers.

In the statement, Mr. Dudayev accused Russia of "continued rocket and bomb attacks against settlements, causing heavy losses against civilians." The rebels have charged that the Russians launched an air attack last Sunday on the village of Roschi-Chu, southwest of Grozny, and shelled Mesker-Yurt, east of the capital. The rebels say the attacks left 40 dead and 84 wounded.

The Russian Army denied that it carried out the attacks, but said there had been a fire fight near Mesker-Yurt in which troops responded to an attack from Chechen fighters.

Arkady Volksy, deputy Russian negotiator, said in a television interview Wednesday.

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Patten Shows Hong Kong Who Continues to Govern

By Keith B. Richburg
Washington Post Service

HONG KONG — In his penultimate annual policy address to the newly seated legislature, Chris Patten, Hong Kong's last colonial governor, showed Wednesday that he is not about to bow out quietly in the remaining 629 days before China takes over this territory.

Mr. Patten spoke for two hours, promising that the outgoing administration will spend more money to care for the elderly and the sick, build new schools and public housing units, cut back on imported labor to combat growing unemployment and step up the battle against corruption and rising crime.

The governor called for lawmakers to give "firm support" to his program and promised to use his constitutional powers as Britain's last appointed governor to veto any legislation he does not like.

And Mr. Patten, who has angered Beijing by expanding democracy and voting rights in the colony, also had a word of

advice for Hong Kong's future rulers: Respect its freedom and "trust Hong Kong."

"I hope that the future sovereign power will show that it does so by starting to talk to members of this council — to all members of this council — who are better placed than most to help others understand the key to Hong Kong's success," he said.

Mr. Patten spoke after the 60-member legislature — the most democratic in Hong Kong's history — was officially sworn in and had elected its new president. China had repeatedly threatened to disband the legislature as soon as it takes control of the colony in 1997, replacing the elected members with an appointed "provisional legislature" chosen by Beijing.

The governor opened his address by saying he saw no reason that members elected last September should not be allowed to serve their full four-year terms.

When he made his first such policy address shortly after arriving here as governor in October 1992, Mr. Patten was at the

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Charles Platiau/Reuters

Prime Minister Juppé of France won breathing room in a scandal. Page 7

Bosnian Enemies Sign Truce at Last But Thousands Flee Fighting Amid a Grab for Territory

Compiled by Our Staff From Dispatches

SARAJEVO — A Bosnia-wide cease-fire came into effect at one minute after midnight Thursday as the world watched in hopes that it would herald an end to Europe's worst conflict since World War Two.

The capital Sarajevo was quiet, with its gas and electricity supplies restored, but it was not immediately clear whether the guns were silenced in northwest Bosnia where rivals had fought pitched battles on Wednesday.

Army leaders had issued orders to their men to lay down their weapons at the appointed time. But as midnight approached, the guns still roared, and thousands of Serb refugees fled advancing Muslim-led and Croat armies gunning for last-minute territorial gains.

The UN chief of mission in Bosnia, Antonio Padewsky, announced that the cease-fire would finally start, two days late, after both the Bosnian Serbs and the Bosnian government signed the deal. He urged both sides to stick to the accord.

The truce is due to last 60 days and peace talks are scheduled to begin Oct. 31 in the United States.

The office President Alija Izetbegovic said that the Bosnian government army would halt all warring activities except defensive ones.

Minutes later the leader of the Bosnian Serbs, Radovan Karadzic, also ordered his units to halt operations at the given hour.

The cease-fire agreement commits all parties to stopping offensive military actions immediately. They also pledged to ensure that all civilians and prisoners would be treated humanely and that free and unimpeded access between Sarajevo and the Muslim enclave of Gorazde would be guaranteed.

In Washington, President Bill Clinton welcomed the cease-fire agreement Wednesday and called on all parties to abide by its terms.

The White House said in a statement that the truce should give further impetus to diplomatic efforts. American negotiators will return to the Balkan region next week, it said, after a meeting of the Contact Group nations — the United States, Russia, Germany, France and Britain — in Moscow on Tuesday.

Noting that many previous Bosnian cease-fires had collapsed, the U.S. State Department spokesman, Nicholas Burns, said: "This one we think will be different for a couple of reasons. Namely that the United States has brokered this cease-fire. We have put our credibility, our influence, our diplomatic emphasis into this particular cease-fire."

The deal came after a day of last-minute gains by Muslim and Croatian forces that left them deep enough into northwest Bosnia to threaten the Serbian stronghold of Banja Luka.

Overnight, they captured the town of Sankta Most, pushing a wave of thousands of Serb refugees ahead of them. The town

Germany Will Send Soldiers to Balkans

The 5,000-strong German contingent will be among as many as 60,000 NATO troops sent to keep the combatants separated.

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fell hours after Croatian forces captured Mrkonjic Grad from the Serbs, giving the Muslim and Croat allies full control of the vital Bihać-Sarajevo road.

On Wednesday, the Bosnian government's crack 5th Corps army said its latest battlefield gains had laid the ground for "liberating" the Serbian strongholds of Prijedor and Banja Luka.

Near the front, jubilant Bosnian soldiers shot into the air and joked, "We'll see you for coffee in Banja Luka."

It was not clear how much the map had been redrawn in the latest battles. The gains will be added to a clutch of towns and 4,000 square kilometers (1,500 square miles) seized from the Serbs in offensives in central and northwest Bosnia last month.

Serbian authorities appealed to troops and civilians in northwest Bosnia not to panic.

These are decisive moments of the

See TRUCE, Page 6

AGENDA

Cuba Optimistic About Russia Talks

HAVANA (Reuters) — Foreign Minister Roberto Robaina González of Cuba said Wednesday that Cuba and Russia were prepared to start a new chapter in their political and economic relations that would put the difficulties of the recent past behind them.

"There is a willingness on both sides to start a new stage, one that will be characterized by concrete steps," Mr. Robaina said before beginning talks with First Deputy Prime Minister Oleg N. Soskovets of Russia, who arrived in Havana on Tuesday with a delegation of senior government officials and businessmen.

The Russian delegation was the most important to visit Communist-ruled Cuba since the breakup of the Soviet Union in late 1991. The visitors were to hold a week of detailed talks with Cuban leaders aimed at trying to revive political, economic and military ties.

Russia's Interfax news agency, quoting a Russian government source, said the talks would result in the signing of a bilateral trade and payments agreement for 1996-1998.

Dow Jones	Trib Index
Up 14.45	Down 0.45%
4735.25	124.13
The Dollar	
Wed. close	previous close
DM 1.4255	1.4181
Pound 1.5718	1.5701
Yen 101.03	100.725
FF 4.9545	4.9555

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Japan Reopens an Old Wound

INTERNATIONAL Page 9.
Cheers for Israeli Pullout

HEALTH/SCIENCE Page 12.
Ozone Study Earns Nobel

SPONSORED SECTION Uganda's Long Climate Rock Page 13-15.

No Exit for Crewmen Aboard Mir

Lack of Cash for Replacements Keeps Them Aloft

Agency France-Press

MOSCOW — The Euromir mission aboard the orbiting Russian space station Mir will have to stay on for an additional five weeks because there is not enough money to send a replacement team, the Interfax news agency reported Wednesday.

Newspaper Prices	
Andorra	10.00 FF
Antilles	12.50 FF
Cameroon	1,800 CFA
Egypt	1,800 CFA
France	10.00 FF
Gabon	350 Dr.
Greece	2,800 Lire
Ivory Coast	250 CFA
Italy	10.00 FF
Jordan	1,250 JD
Lebanon	U.S. \$1.50
U.S. Mil. (Eur.)	\$1.20

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International Classified

Spooked by Bungling, the CIA Backs Off in France

By James Risen
Los Angeles Times Service

WASHINGTON — It was portrayed here as a minor incident, a mere embarrassment to the intelligence community. Five Americans — four of them CIA officers — were accused by France in February of conducting an economic espionage operation against the government.

The French — American allies after all — expressed outrage. The American ambassador to Paris, Pamela Harriman, summoned by the French to receive an official protest, also fumed.

The affair briefly made headlines, then faded. But now, U.S. officials quietly acknowledge that the episode has had far graver consequences than the Clinton administration ever let on.

The bungled operation forced the CIA to suspend virtually all its operations in France earlier this year, U.S. officials say. Although it could not be determined how long the suspension lasted, it almost certainly hampered the agency's ability to gather information in France on terrorism, arms smuggling and other matters.

The suspension, ordered by CIA headquarters in Langley, Virginia, apparently left the agency without a significant presence in one of the world's most important hubs for espionage in the post-Cold War world. A

CIA worker said a State Department official warned an agency officer in Paris not even to conduct clandestine operations against non-French targets inside France.

Furthermore, the Paris fiasco may have had a chilling effect on the CIA's ability to spy elsewhere in Western Europe. People at the CIA suggest that the episode so angered the French that they may have shared information about the CIA's economic espionage with other European intelligence services.

The incident had prompted an investigation by the CIA's inspector-general, Fred Hitz, who is trying to determine whether carelessness by the CIA agents in the field was responsible for the operation's exposure — what the CIA calls in spy jargon "poor trade-craft." His investigation is expected to be completed by the end of the year.

People familiar with the case said Mr. Hitz is also trying to ascertain whether carelessness by the CIA agents in the field was responsible for the operation's exposure — what the CIA calls in spy jargon "poor

Model Health System in Crisis / Cutbacks, Frustration and Insecurity

Canada Watches as Its Doctors Pack Up and Head South

By Anne Swardson
Washington Post Service

TORONTO — Ranjit Dhaliwal clearly remembers the night he decided Canada was no place to practice medicine.

He had an emergency case, a patient with an eye infection so severe that surgery needed to be performed immediately even though it was 11:30 P.M. A retinal surgeon then practicing in Toronto, Dr. Dhaliwal knew that to save the eye, every minute counted.

But only one operating room was available to his practice, and it was occupied. The anesthesiologist in charge refused to call in a second medical team, and it took a shouting match over the phone between him and Dr. Dhaliwal to get the operation under way within the hour.

"When I found myself yelling at the anesthesiologist at midnight to save someone's eye, I knew I was in the wrong place," said Dr. Dhaliwal. Today, he practices in Augusta, Georgia, a job he selected among six offers around the United States last year. He and his partner have three laser machines like the one he shared in Canada with 11 other ophthalmologists, and when he needs to perform an emergency operation, the operating room at the local hospital is ready as soon as he is.

"I was at the largest teaching hospital in Canada, and I couldn't provide the level of care I can provide in my private office in Augusta," he said. The difference "has been like night and day."

Dr. Dhaliwal is one of a growing number of Canadian doctors sadly leaving their country to practice elsewhere, especially in the United States. They leave not so much for the money — although they generally earn more south of the border — but because cutbacks in Canada's nationalized health system are denying them the resources, the funding or the freedom to do their jobs as they desire.

"It's not just pocketbook. It's cuts that reduce access to facilities, to operating room time, to necessary tests," said Jack Armstrong, a Winnipeg pediatrician who is president of the Canadian Medical Association. "Physicians are finding that more and more of their time is taken up with trying to arrange care for patients, or technology."

The Canadian system was often held up as a model during the debate over U.S. health care reform last year. It was short of money even then, but its financial health has deteriorated since then.

The number of the migrants is not large. Net departures are less than 1 percent of Canada's 55,000 doctors, according to government figures. But more leave every



Carol Cleary/The Washington Post

Dr. Ranjit Dhaliwal, a retinal surgeon, in his office in Augusta, Georgia, where he moved from Toronto last year.

year, including some of the best. In addition, as cash-strapped provincial governments cut further into the system, departures are likely to increase.

The province of Alberta recently took steps that could reduce physician income by as much as 25 percent over two years; since last spring, four of Calgary's 11 neurosurgeons and about 40 of its 1,800 family doctors have left the country to practice elsewhere.

"It's a very bad message we've given, and when I counsel young Canadians in my specialty I tell them to try and stay in Canada as long as they can," said Susan MacKinnon, who until she left Toronto

Many of those who left are in their prime practice years of early middle age.

A dozen interviews with doctors in both countries suggest that the decision to leave is difficult and painful, and that doctors tend to leave not because they are lured by higher salaries but because they feel pushed out by a medical system that no longer values them.

"We have a very bad message we've given, and when I counsel young Canadians in my specialty I tell them to try and stay in Canada as long as they can," said Susan MacKinnon, who until she left Toronto

four years ago was considered Canada's leading peripheral nerve surgeon. But she added, her research grant was barely more than \$40,000 in Canada; her grant from the National Institutes of Health totals \$250,000. "There just wasn't money for research. There's no money in the system. There's not even money to give women radiation for breast cancer," Dr. MacKinnon said.

With her came her husband, Alec Patterson, one of Canada's top lung and heart transplant surgeons. Both now practice at Barnes Hospital in St. Louis.

Under Canada's national health system, which is funded by federal and provincial governments, patients are treated by the doctor of their choice, and the fee is paid from tax dollars. As costs of the system have skyrocketed in recent years, deficit-ridden provinces have imposed a variety of budget-cutting measures on doctors and hospitals.

In some provinces, income of all doctors is reduced if total annual billings exceed a certain amount. In others, doctors' fees have been cut across the board.

"I'm getting a lot of calls" from Canadian doctors, said Susan Craig, president of Toronto-based Medical Recruitment Services, which specializes in U.S. placements. "Every day doctors call, and the story is the same. The insecurity is what's bothering them."

Generally, Miss Craig said, qualified Canadian doctors have little trouble getting immigration visas that allow them to work in the United States, especially if they are willing to go to smaller communities. Canadian physicians who go south typically can earn from one and a half to two times what they make in Canada, she said. Higher costs for overhead and malpractice insurance are more than offset by higher salaries and low taxes, for the most part.

The loss of the doctors is keenly felt, perhaps because Canadians are proud of their health system and what they see as its advantages over health care in the United States.

In addition, every Canadian taxpayer has a stake in the country's doctors, who are educated largely at government expense. Tuition at Canada's 16 medical schools runs about \$2,800 a year, and the government pays the rest of the \$14,000 it costs to provide the education.

"We are concerned with the loss of highly trained specialists in particular," said Eldon Smith, dean of the faculty of medicine at the University of Calgary and president of the Association of Canadian Medical Colleges.

Not all Canadian doctors view the United States as a panacea. Eric Grafstein, a Vancouver emergency room doctor, ruled it out after residencies in New York and Baltimore in part because "I'd certainly worry about so many people with guns."

COMING UP
A slum in Peru known as Virgin Mary Triumphant is on the front lines of a bitter church-state battle over birth control, with each side proclaiming itself protector of the poor.

Hearing For Claes Planned Friday

Compiled by Our Staff From Dispatchers

BRUSSELS — NATO's secretary-general, Willy Claes, who is fighting for his political life, will get a chance to defend himself Friday before a Belgian parliamentary commission.

Mr. Claes is under pressure to step down over allegations that he knew about payments allegedly made by an Italian aviation firm to his political party in 1988 when he was economics minister.

With calls for his resignation increasing, Mr. Claes's hold on his position as head of the 15-nation military alliance would become even more tenuous if the panel lifted his immunity. That would allow Belgium's highest court, the Cour de Cassation, to prosecute him on charges of bribery.

The special parliamentary commission could rule on the issue as soon as this weekend, and the full Parliament could take action next week.

The allegations are in a report by the public prosecutor, Jacques Velu, at the Cour de Cassation. He discussed it with the commission privately Tuesday.

Sources close to the talks said Mr. Velu was concerned by the widespread uproar in the last five days caused by his request to have Mr. Claes indicted and brought before the court.

Mr. Velu needs Parliament's approval to try Mr. Claes at the court, the only one that can prosecute ministers and former ministers.

Mr. Claes was economics minister when the Italian aircraft firm Agusta allegedly paid \$50 million Belgian francs (\$1.72 million) in bribes to obtain a 12-billion-franc government defense contract in 1988.

As minister, he was involved in approving the contract.

Agusta says it did nothing wrong to win the contract.

In addition, the Cour de Cassation wants to investigate Mr. Claes's role in 60 million francs in bribes that the French firm Dassault allegedly paid to the Socialist Party to earn a contract to upgrade Belgium's F-16 jet fighters.

Mr. Velu has also asked that a former defense minister, Guy Coeme, be indicted in the same scandal. Mr. Coeme, now a member of the lower house, will also be heard by the commission Friday. He, too, has said he is not guilty.

For Mr. Claes, NATO's secretary-general for just over a year, the allegations come at an inopportune time: The alliance is trying to set up a 60,000-strong force to police any peace in Bosnia.

Critics said the case was hurting NATO's credibility and damaging Mr. Claes's ability to function effectively as the public face of the military alliance. But throughout the last year Mr. Claes has received firm official backing from NATO members.

The scandal has rocked Belgian politics for years and forced the resignations of four high-ranking Socialist politicians, including the ministers of foreign affairs and transportation.

The 1991 murder of a leading Socialist politician and the suicide last March of a former air force chief also have been linked to the scandal.

Mr. Claes presided Wednesday, as usual, over the alliance's weekly meeting. A NATO spokesman said, "It dealt chiefly with the situation in Bosnia." (Reuters, AP, AFP)

TRAVEL UPDATE

Paris Will Build a Third Airport

PARIS (AP) — Facing saturated runways around the capital, the French government announced Wednesday that "the moment has come" to build another airport in the Paris region.

As a stopgap, two more runways will be built at Charles de Gaulle Airport north of the capital, the government spokesman, Francois Baroin, said after the weekly cabinet meeting.

Mr. Baroin said officials would begin a study to choose a site for the new airport, which would alleviate traffic at Charles de Gaulle and at Orly, south of the capital. No schedule has been made for the start of construction.

Pollution Chokes French Capital

PARIS (AP) — People coughed, wiped watery eyes and rode bicycles to work, wearing surgical masks Wednesday as air pollution levels remained unusually high, giving Parisians an idea of what it's like to live in Athens, Cairo or Mexico City.

Smog levels peaked Wednesday morning, after a combination of factors — unusually high temperatures, an absence of wind and unusually heavy traffic caused by a general strike — covered the City of Lights in a grayish, purple haze.

Cabin crews at Alitalia said they were calling a four-hour

strike for Friday, ending their summer truce at the Italian state carrier. (Reuters)

A cultural festival in the city of Nantes, France, was canceled following Cuba's decision to deny exit visas to 320 participating Cuban artists because of what the Cubans called "anti-Cuba propaganda." The festival, scheduled to run in the Atlantic port city from Oct. 16 to 21, was to spotlight Cuban culture — art, music, dance and theater. (AP)

The first direct air link between Israel and Morocco will start on Dec. 3, with flights between Tel Aviv and Marrakesh, an Israeli official said. (AP)

Cambodia's government denounced a report that visitors to the famous Angkor temple complex to see this month's solar eclipse "should be ready for a hail of bullets." The Information Ministry called it "an attempt to stop foreign tourists from going to visit Cambodia." (AP)

Passengers from an Air France jet were stranded in Sydney on Wednesday because of a 24-hour union ban imposed as a protest against nuclear testing in the Pacific, airline sources said. The Boeing 747 arrived from Paris via Singapore en route to Noumea, New Caledonia. (AP)

Hurricane Roxanne Stings Cozumel

Compiled by Our Staff From Dispatchers

CANCUN, Mexico — The hurricane designated Roxanne ravaged the Caribbean resort of Cozumel on Wednesday with winds of 110 miles an hour, cutting off all communications, and then moved into the tropical lowlands of the Yucatan Peninsula, gradually losing strength.

As fierce waves pounded hotels on the beachfront, about 10,000 tourists evacuated to higher downtown hotels.

But the storm charged by to the south, and within hours shopkeepers had removed boards from windows, some restaurants had reopened, and

houses were taking tourists back to their hotels.

"We have no communication, neither by telephone nor by radio," with Cozumel, said Amilcar Galvez Aguilar, the local Red Cross commander.

Roxanne, the 10th hurricane of the busy Atlantic storm season, could be one of the worst storms to hit the peninsula since Hurricane Gilbert swept through the Caribbean in 1989, killing 300 people.

The storm's center at 7 A.M.

was about 70 miles (115 kilometers) southeast of Merida.

It hit the mainland near the Mayan ruins of Tulum and was heading west at about 12 miles

an hour across a flat, jungle terrain sparsely populated with Mayan villages.

The U.S. National Weather Service said the storm's sustained winds had slipped to 80 miles an hour after encountering land. But hurricane forecasters in Miami said the storm would strengthen again Monday afternoon as it moved over the waters of the Gulf of Mexico.

The storm struck eastern Mexico two days after a strong earthquake on the country's Pacific coast killed at least 48 people, injured nearly 200 others and almost 10,000 homeless.

Phil Dziedzic, a 27-year-old rancher from Douglas,

Wyoming, was one of those taking a bus back to a beachfront hotel from downtown. He said his honeymoon with his wife Susie, 22, had become more than the lazy, sun-splashed vacation that they had envisioned.

"I guess this is what they call getting off to a stormy start," the bridegroom said. (AP, AFP)

Just ask the butler...

Sharon Powers

Where service is anything you want it to be.

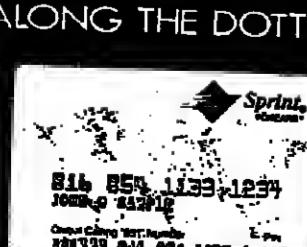


S - I - N - G - A - P - O - R - E

NATIONAL HOTEL AND RESTAURANT FESTIVAL

Perth 08-11 November 1995

TO CUT THROUGH
THE HASSLES OF USING A
FOREIGN PHONE,
CUT ALONG THE DOTTED LINE.



COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS
American Samoa	622-1020	Croatia ✓	99-385-01-12	Ireland +	1-800-53-2001	Nigerian (Nigerian)	121
Antigua (no phone)	#0	Cyprus ✓	080-900-01	Island +	1-800-53-2027	Norway +	800-1977
Argentina	00-1-900-777-4111	Denmark ✓	0042-087-187	Italy +	123-3977	Palau +	115
Armenia	8-10-155	Dominican Republic ✓	116-6677	Jamaica (jamaica)	105	Pakistan (Pakistani)	174
Australia (Oz) +	1-800-671-1110	Ecuador ✓	99-001-977	Jamaica (all other)	1-900-077-8000	Papua New Guinea (Papua New Guinea)	105-01
Austria (Austria) +	1-800-881-977	Egypt (Egypt)	99-001-977	Japan (002)	0066-55-677	Philippines (Philippines)	102-111
Azerbaijan	023-03-014	Ecuador +	191	Japan (003)	0039-131	Philippines (Philippines)	103-16
Bahrain	1-800-309-2111	El Salvador +	004-190-101-3	Japan (004)	0039-12	Portugal +	0010-800-115
Barbados	800-777	Finland +	9800-1-234	Japan (005)	0010-877-4000	Portugal (all other)	0010-877-4000
Belgium	0-800-427-5000	France +	79-9-002	Japan (006)	0010-877-677	Romania +	8-100-131
Bermuda ✓	1-800-427-0877	Germany +	013-001-013	Japan (007)	0010-877-6000	Russia (Moscow) +	0010-877-6000
Bolivia	0500-3323	Greece +	008-001-411	Japan (008)	0		

THE AMERICAS

An Odd Alliance Opposes Immigration Bill

Conservatives and Liberals Join With Businesses and Church

By Matthew Purdy
New York Times Service

NEW YORK — As Congress considers some of the most severe anti-immigration measures since the 1920s, it is facing resistance from a surprising alliance of high-tech manufacturers, religious leaders, conservative think tanks, civil liberties organizations and tiny, grassroots immigrant groups.

From Microsoft, which is fighting limitations on visas for foreign computer scientists, to the Roman Catholic Church, which is battling for the rights of political refugees, the coalition is giving some heft to the loosely organized opposition by immigrants, who belatedly realized that the mood of the country had turned against them.

"There's a wide array of groups that think the legal immigration system is not broken and doesn't need radical changes," said Ira Rubinstein, a senior lawyer for Microsoft.

It is a loose alliance, and each group has its own concerns with the Omnibus Immigration Bill that is before the House Judiciary Committee, and with similar proposals in the Senate. The diversity of the opposition reflects the broad sweep of the various congressional proposals, which be-

gan as an attack on illegal immigration and were broadened to restrict legal immigration as well.

Manufacturers, insisting that to remain competitive they need foreigners with special skills, oppose attempts to limit visas used by U.S. companies to hire foreign engineers, computer programmers and scientists.

Ethnic groups in cities across the country denounce a proposal that would cut the annual level of legal immigration by 30 percent and restrict immigrants' rights to bring their foreign relatives here.

Church organizations and immigration lawyers oppose pending cuts in the number of refugees and the rights of people seeking political asylum.

And a proposed national computer system to enable employers to check the legal status of prospective workers has drawn opposition both from civil liberties groups, which fear it would lead to discrimination, and from anti-regulation libertarians and business organizations, who see it as an expensive and invasive growth of government.

These groups do not speak with a single voice, and they do not have a single agenda. But the cumulative effect of their activities is expanding what was a one-sided debate about how immigrants are draining the American economy to consider the role

of immigrants in helping the country stay competitive in the global economy and in restoring forgotten inner-city neighborhoods.

While it is unclear whether they are having any impact beyond that, the opponents of the new restrictions seem to have pushed the Judiciary Committee to consider splitting the omnibus bill into two, one focusing on illegal immigration and the other on legal immigration.

Representatives have been lobbied from all sides. The Massachusetts Immigration and Refugee Advocacy Coalition and the Reebok Shoe Co. have lobbied Representative Barney Frank, a Massachusetts Democrat who sits on the Judiciary Committee.

The National Association of Manufacturers, Intel and the Cato Institute, a conservative study group in Washington, have lobbied Representative Lamar Smith, a Texas Republican whose legislation contains the strong restrictions.

The most interesting union is between traditionally liberal immigration groups and pro-growth, free-trade conservative organizations, which defend immigration as a matter of principle and espouse the virtues of most immigrants. They have always agreed on the benefits of immigration, but they rarely allied themselves publicly.

Simpson Cancels NBC Interview

The Associated Press

LOS ANGELES — O.J. Simpson on Wednesday canceled his live interview with NBC, the network's news anchor, Tom Brokaw, announced.

The interview would have been the first extensive interview since Mr. Simpson was acquitted of the murders of his former wife and her friend.

Mr. Brokaw went live on the air to announce the change, saying Mr. Simpson's lawyers decided that they could not abide by the original agreement for the interview.

NBC had said it would conduct the interview only if it were done with no ground rules. Mr. Simpson's lawyers did not immediately return telephone calls seeking more information.

Mr. Brokaw said Mr. Simpson's lawyers objected to the nature of the questions that NBC was going to ask. Mr. Simpson faces wrongful-death lawsuits that limit what he can say.

Mr. Simpson, who declined to take the stand during his yearlong trial, was to have

been asked about evidence, domestic abuse and other key issues, the president of NBC News, Andrew Lack, said Tuesday.

The interview promised to be a ratings bonanza for the network. But it also drew criticism, scared off advertisers and forced other networks to change programming.

Since Monday, when it announced the interview, NBC had been deluged with angry telephone calls, a spokeswoman said.

It has also faced organized protests, particularly from women's groups. In addition, some advertisers were opposed to taking part in the other two hours of the program that they pulled commercials they had paid for in the programs the Simpson interview would have replaced.

Mr. Brokaw and Katie Couric were to question Mr. Simpson as part of a three-hour "Dateline NBC" special on Mr. Simpson, his former wife, Nicole Brown Simpson, and Ronald L. Goldman. The live, one-hour interview, which was to run uninterrupted by commercials, would have been the centerpiece of the program.

POLITICAL NOTES

Perot Voter Sign-Up Lags

LOS ANGELES — With less than two weeks to the qualifying deadline, preliminary voter-registration figures from California counties critical to Ross Perot's hopes of creating a new national political party indicate that the Texas billionaire's effort is falling far short of the goal.

To qualify in California, the first and perhaps most critical test of the proposed new party's appeal, Mr. Perot and his supporters must register 89,007 new party members by Oct. 24. But on Tuesday, voter registrars in Orange and San Diego counties reported that only 437 people had signed up so far as new members of the Reform Party.

Los Angeles County officials said that as of Oct. 5, the latest data they had available, Reform Party backers had submitted only 22 registrations. County officials said they would not have a new tally until Friday.

The Secretary of State's Office declined to provide statewide totals, but the three Southern California counties provided nearly half of the 2.3 million votes Mr. Perot received in the state when he ran as an independent presidential candidate in 1992. (LAT)

A New Zeal for Tax Cuts

WASHINGTON — The Senate Finance Committee will approve the full \$245 billion, seven-year Republican tax cut, dismissing speculation that the proposal's cost would be trimmed to placate a loose band of conservatives and moderates uneasy with the plan, according to Republican leaders in the Senate.

The Senate majority leader, Bob Dole of Kansas, said to reporters: "We're at \$245 billion." The chairman of the committee, William V. Roth Jr., Republican of Delaware, pledged that the package would include practically all of the tax provisions in the House-passed version — including a \$500-a-child tax credit, a reduction in the capital gains tax rate and a raft of tax breaks for businesses.

But Republican leaders are considering ideas for reducing the cost of the tax credit by lowering the income eligibility cutoff for families to \$100,000 a year, from \$200,000, and by making the credit temporary, sources said.

Quote / Unquote

President Bill Clinton, in a speech Wednesday to the World Bank and the International Monetary Fund: "There are those who say that American should simply erect a wall and live within its own borders economically and, when it comes to foreign policy, we should just go it alone. But, my fellow citizens of our shared planet, economic interdependence is a fact of life."

Away From Politics

- Flight attendants who struck American Airlines in 1993 have won a 17 percent pay increase over six years. In addition, the 20,000-member Association of Professional Flight Attendants retained their vacation time and most of the work rules that Americans had sought to change. (NYT)
- The removal of Doris Duke's former butler and the United States Trust Co. as executors of the late tobacco heiress's \$1.2 billion estate by a surrogate court was upheld by a New York state appeals court. Last May, Surrogate Eve Prentinger dismissed the butler, Bernard Lafferty, from his duties as executor after ruling in Surrogate's Court in Manhattan that he was using Miss Duke's immense fortune to finance his own "profligate life style." (NYT)
- An 88-year-old woman died after being stung by hundreds of Africanized honey bees. (AP)

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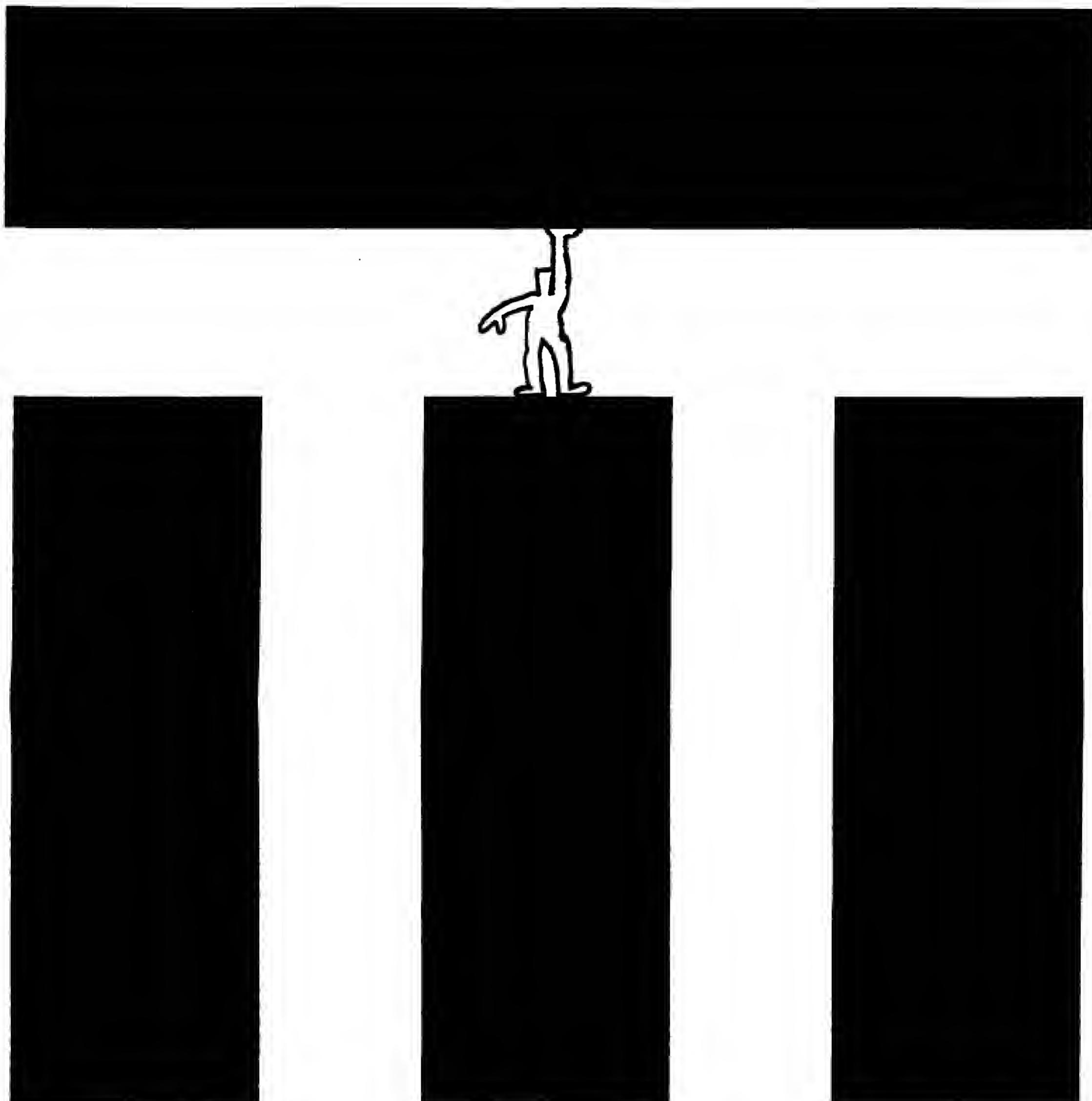
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INTERNATIONAL

Inquiry Into Train Sabotage Explores Grudge as Motive

Compiled by Our Staff From Dispatches

HYDER, Arizona — Workers started clearing the wreckage of the derailed Amtrak train Wednesday as federal investigators tried to determine whether the sabotage that killed one person and wounded 100 others was an act of terrorism aimed at the government or the terrible handiwork of someone with a grudge.

One source close to the investigation said authorities were "leaning a little bit more toward an inside job, either a railroad employee or an employee combined with an outside group." Another source cited railroad merger plans and said: "Employees could be laid off. Employees could be disgruntled."

But another source said the investigators had not made a determination. "We're still open-minded. We're not leaning in any direction yet. We're looking at railroad employees and radical groups."

The FBI director, Louis J. Freeh, was asked on his way out of a Washington briefing Wednesday if he expected to arrest "the guys" responsible for the derailment soon.

"Guys?" Mr. Freeh responded, underlining that the bureau has not reached conclusions about whether one or more persons were in-

volved or even the sex of the saboteur or saboteurs.

A manifesto left at the crash site was critical of local and federal police. But a government source said it differed in style from what investigators have come to expect from militant anti-government groups. A passenger who saw the manifesto said it appeared to be "sarcastically poetic."

At the wreckage, in and along the sides of a rocky, sun-baked ravine 27 miles (43 kilometers) east of this small desert town, cranes began lifting the overturned coaches so investigators could look under them. Sections of track were unloaded from flatbed trucks to replace the segments the saboteurs had damaged.

The train, carrying 248 passengers and 20 crew members from Miami to Los Angeles, hit tracks that had been loosened and moved from a section above the ravine. Two locomotives managed to cross a trestle over the ravine and stay on the rails. But several of its cars left the tracks, and three toppled into the wash.

A sleeping car attendant was killed. Amtrak said about 100 other people, including several children, were injured, five of them critically. Many were in cars that fell 30 feet (9 meters) into the ravine.

The FBI sent about 90 agents to the site, which made this the agency's second-biggest crime scene investigation after the bombing last April of an Oklahoma City federal building. The FBI is calling the probe "Operation Splitrail."

The manifesto discovered at the crash site mentioned federal raids on the Branch Davidian religious group near Waco, Texas, and oo a

man at Ruby Ridge, Idaho.

Investigators said the manifesto was signed "Sons of the Gestapo" or "Sons of Gestapo."

Terrorism experts said they knew of no such group.

On Wednesday, Randy Weaver, the white separatist at the center of the siege at Ruby Ridge, issued a statement denouncing the sabotage and saying he had never heard of "Sons of Gestapo."

"I am angry that anyone would use the tragedy that occurred to my family as some kind of justification for further senseless killing and more tragedy," said Mr. Weaver, whose wife and 14-year-old son were killed along with a federal marshal in the 1992 siege. "I hope that the persons who derailed that train and killed and seriously injured innocent people will be caught and tried and brought to justice."

Michele Cruz, 29, a nurse from Sacramento, California, who was a passenger on the train, said she, too, had seen a copy of the manifesto.

As she walked along the tracks after the crash, Ms. Cruz said, she spotted a man with a red beard and mustache who was guarding it. She said she did not know who the man was.

The message, she said, "started out as something like you read in a book, how people are victimized, something about as the lights go down in the night, the mothers and daughters begin to pray, possibly kneel to pray."

Ms. Cruz said the message was on a standard sheet of white typing paper. "The biggest impression on me was it was like brand new," she said. "It didn't look like it had been thrown around the desert."

The note was not handwritten but typed, perhaps by a computer printer, said a source close to the federal investigation. The source said its style differed from the usual rhetoric of anti-government militants. Another source agreed and described the message as two paragraphs long and "almost literary, poetic" in style. (LAT, AP)

Horrors in Bosnia Follow Old Cycle

'None of These People Know What Human Rights Are'

By John Pomfret
Washington Post Service

GORICA, Bosnia-Herzegovina — The Muslim woman with dyed blonde hair was happy to learn that her hometown, Sanski Most, was captured Tuesday by forces of the Muslim-led government army.

The Serbs — the ones who kicked her out of her house, forced her to sleep outside for a week, stole everything she had and sent her across a minefield — were themselves on the run now.

The only problem, she said, was her husband. The last time she saw him was more than a week ago. Paramilitary troops from neighboring Serbia took him away with the rest of the men when they "cleansed" the Muslims from Sanski Most. They also grabbed most of the Muslim men from Prijedor and Bosanski Novi, two nearby cities. Then they kicked her and more than 6,000 women, children and elderly men out of northern Bosnia.

In the latest spasm of "ethnic cleansing" in Bosnia, thousands of Muslim women, children and old people have poured into villages such as Gorica near the Muslim-held central Bosnian town of Zenica, the victims of Serbian expulsion from northern Bosnia.

More than 1,000 Muslim men are missing, according to the UN High Commissioner for Refugees. Only one man between 17 and 65 years old has arrived in the area since the expulsions began Friday. A 48-year-old businessman, he bought his freedom from Serbian paramilitaries for \$500.

The cruelty on all sides of Bosnia's divide underscores a main point that seems to escape Western negotiators who speak of the necessity of ensuring human rights as they try to secure a peace deal.

"None of these people know what human rights are," said Monique Tuffet, who runs the Zenica office of the UN High Commissioner for Refugees. "They — and I mean all sides — have no idea how to treat people."

In Gorica, evidence of lack of respect for human rights was plainly evident. Women huddled in small groups. Some still shook with tears as they remem-

bered their exodus from Serb-controlled lands.

The story of one woman, Zumra, was illustrative of the rest.

Serbian paramilitaries led by Zeljko Raznatovic — known as Arkan — a Yugoslav gang leader with close ties to President Slobodan Milosevic of Serbia, barged into her house in Sanski Most on Sept. 22 and told her that she had five minutes to leave.

The Serbian toughs told Zumra to go to the village of Schovci, just north of Sanski Most. For a while they found shelter there in the house of a friend. But when the friend was also expelled, the Muslim group — which had swelled to more than 20 people — had no place to go. They camped out, sleeping on the ground and living through a week of rain.

On Sunday, huses with license plates from Vukovar, a Serbian-held city in eastern Croatia where Arkan has a base, arrived in the town. The Serbs separated husbands, sons over 17 and fathers, generally below 65, Zumra said.

Arkan's men then moved the women onto the huses and off they went arriving in the town of Blatnica, about 100 kilometers (about 60 miles) away. During the trip, Serbian soldiers stopped the huses on numerous occasions, stealing every piece of jewelry they could find. Ms. Tuffet said her office had received "credible" reports from two teenage girls, 16 and 17, that they had been raped along the way.

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EUROPE

NATO Forges Plan to Separate Warring Parties in Bosnia

By Rick Atkinson
Washington Post Service

BERLIN — NATO approved a five-stage plan on Wednesday night that is intended to separate the warring parties in Bosnia with at least 60,000 combat troops manning a 1,000-kilometer-long "zone of separation," diplomats said.

The concept presented by General George Joulwan, NATO's commander in Europe, and approved by the North Atlantic Council, the alliance's policy-making body in Brussels, envisions a one-year enforcement operation costing at least \$6 billion, the diplomats said.

General Joulwan's plan calls for NATO forces to pour into Bosnia through five entry points and to take control of defensive positions along the 620-mile "zone of separation" within 72 to 96

hours. NATO ambassadors authorized the general to extract formal troop contribution commitments from the alliance's 16 member states "within 24 hours," a NATO official said, and to complete his planning by early November.

One issue that provoked long debate in Brussels had to do with the military contributions from non-NATO states, particularly Russia, which has insisted on a major role in peace enforcement but is reluctant to cede total control of the operation to NATO.

At French insistence, NATO and Russian officials will meet "in the next couple days to get down to the nitty-gritty" of how to integrate forces, one diplomat said.

The alliance also will hold a meeting of an "ad hoc planning coordination group" in which any nation interested in participating in the so-called

Implementation Force can receive a briefing in Brussels on the planning. That will be followed later this month by more detailed discussions with non-NATO nations, particularly those from the Islamic world, about possible integration into the operation.

"There's a question of who comes forward but also a question of who do we want," the diplomat said.

"This is not a theoretical Partnership for Peace exercise," the diplomat added, referring to the NATO program intended to build ties with the emerging democracies of central and eastern Europe.

The ultimate size of the force will depend on the specifics of any peace accord, but officials in Brussels believe it will number up to 60,000 soldiers. The United States has mentioned

25,000 troops, and Russia is expected to offer 20,000, with large contingents also coming from Britain and France.

Germany said Wednesday that it would provide 5,000 support troops, and there have been offers from several nations eager to become new NATO members, including Poland and the Czech Republic.

A major sticking point is how to finance an operation that is expected to cost at least four times as much annually as the United Nations' entire peacekeeping operation in the former Yugoslavia.

"The back-of-the-envelope estimate now is \$6 billion for a year, but who knows? It could be twice that," a NATO official said, noting that a European Union reconstruction plan is expected to cost at least an additional \$5 billion.



Members of the Serbian Tigers standing silently Wednesday in Erdut, Slavonia, during Mass for their fallen comrades.

Bugging Scandal Brings Down Estonia Government

The Associated Press

TALLINN, Estonia — The government of Estonia collapsed Wednesday after the dismissal of the Baltic republic's No. 2 cabinet minister for his role in an eavesdropping scandal.

Prime Minister Tiiu Vahi handed his resignation to President Lennart Meri on Wednesday after it became clear that Mr. Vahi's seven-month-old coalition government was failing

apart. The resignation capped a weeklong government crisis that claimed its first casualty Tuesday, when Mr. Vahi dismissed Interior Minister Edgar Savisaar.

Mr. Savisaar had been implicated in the bugging of leading politicians.

Estonian Radio reported that Mr. Vahi offered his resignation after the two main parties in the coalition, including his own, decided to leave the government.

Mr. Vahi had said he fired Mr. Savisaar because he was linked to "scandals that were too big."

Mr. Savisaar was the No. 2 man in the government and served as acting prime minister while Mr. Vahi was in Denmark recently. He emerged as the kingmaker in complicated, drawn-out negotiations to stitch together a coalition government from several small par-

ties after elections earlier this year.

The bugging affair began unfolding last week with revelations that phones of the country's top political leaders had been tapped during talks to form the new government.

Mr. Savisaar is said to have close links to a Tallinn security company, SIA, where the police found tapes of bugged conversations.

Germany Will Send Soldiers to Balkans

By Alan Cowell
New York Times Service

BONN — Germany will send up to 5,000 soldiers to join a NATO force in the Balkans to police a Bosnian peace agreement, but it remains reluctant to deploy its troops in Bosnia itself, officials here said Wednesday.

The development, which could deepen Germany's involvement in a part of the world scarred by Nazi invasion, became known as NATO ambassadors in Brussels began detailed planning of the proposed peace force, which would include up to 25,000 American soldiers of a total of 60,000.

Bonn's decision was significant because it represented a cautious broadening of Germany's readiness to back its economic might with military commitments to promote alliance goals.

After a meeting with Chancellor Helmut Kohl and Foreign Minister Klaus Kinkel, Germany's defense minister, Volke Rühe, said the German soldiers would primarily be drawn from logistics and transport units.

In recent months, Germany has sent Tornado warplanes to bases in Italy and medical units to Croatia to support other NATO forces in the Balkans, hoping to expand its influence in European decision-making in the region.

In the process, however, it has had to overcome a deep-

seated aversion to committing forces to an area whose inhabitants still recall the Nazis' occupation and atrocities of World War II.

If peace takes root in Bosnia, the new German proposal will have to be approved both by the government and by Parliament, which supported the deployment of German Tornado bombers with a significant majority in June.

The key issue for the Germans, though, is now the extent of its involvement on the ground in Bosnia where casualties might be taken. Officials said Germany foresees its soldiers being used mainly in a support role in Croatia.

But some officials said it was possible that German engineers and headquarters staff would be sent to Bosnia if the NATO peace force set up its central command there.

Mr. Rühe, however, argued that Germany's wartime legacy of Balkan atrocities and memories of its role as the one-time sponsor of a fascist government in Croatia would expose German forces in Bosnia to an unacceptable high risk of attack by Serbs, who suffered most at the hands of the Nazis and still regard the Germans as allies of Croatia.

The Serbs' impression was reinforced when Germany took the lead among European Union nations in pressing for the recognition of Croatia's independence during its war of secession from the former Yugoslavia.

But payments to the disabled, real or sham, cost the government \$10 billion a year.

EUROPEAN TOPICS

Do French Charities Lack... Charity?

It may be time for some prominent French charitable organizations to show one another a little charity. The National Anti-Cancer League recently began airing a provocative series of ads with slogans that include, "There's No Condom for Cancer."

Groups involved in the fight against AIDS call this a shockingly inappropriate attempt to say, in effect, "Our disease is worse than your disease."

"The point of a campaign should not be to turn one group of sick people against another," a spokesman for Act-Up, a radical gay activist group, said in an interview with the newspaper Libération. The anti-cancer league responds that it had no intention of minimizing the gravity of AIDS, but that an attention-getting campaign was needed to remind people that cancer has not gone away.

The French charities are squabbling over an increasingly small pie. An AIDS telethon this year collected only a tenth of what it had in 1994. Results of a cancer fund-raiser were similarly reduced.

A slack economy is being blamed in part. But, says Libération, the French are also tired of having too many empty hands waved in their faces.

Around Europe

It came as no shock to many, but now it is official: Large numbers of Italians hired to meet government quotas for employing the disabled are in fact perfectly healthy. In the nation's post offices, an alarming 94 percent of "handicapped" employees were found by inspectors to be quite healthy — one man spent his afternoons teaching body-building classes. At least one featherbedder claimed to have been miraculously cured after a trip to Lourdes.

International Herald Tribune



Too Little Change

Two years of upheaval in Mexico has cracked a once monolithic political establishment, but the transition from authoritarianism to democracy is incomplete. President Ernesto Zedillo, who met with President Bill Clinton on Tuesday, has demonstrated more commitment to political reform than any recent Mexican leader. But he has run into strong opposition within his own, ruling party.

The Clinton administration can help him by demonstrating that the United States attaches as much importance to his desire to free Mexico's politics as it does to opening its economy. Mexico's economic and social stability will be increasingly at risk until an outdated system of unaccountable political power is transformed.

Washington has always offered rhetorical support in Mexican democracy, but its private messages have been ambiguous. Successive administrations have known that elements of Mexico's ruling Institutional Revolutionary Party stole elections and protected drug traffickers. But as long as Mexican leaders promoted market reform and presented themselves as guarantors of stability, Washington raised no protest.

The Institutional Revolutionary Party in its present state, however, is no longer a force for stability. The party's original 1994 presidential candidate was assassinated, and rogue elements of the party are suspected of involvement. Its sec-

— THE NEW YORK TIMES.

Consensus Builder

Sam Nunn of Georgia, retiring from the U.S. Senate after four terms, has been the rare legislator able virtually on his own to create a consensus in his chosen field of defense policy. People on all sides could find both comfort and cover in his judgments.

Senator Nunn exercised this considerable degree of power at a time when the Cold War put military decisions, and therefore his own choices, at the heart of national policy.

He picked his issues carefully, probed them deeply and avoided the temptations of emotion and ideology in favor of giving others a detailed, reasoned basis to follow his lead. A mild-mannered Southern Democrat with a family tradition of belief in a strong military, he nonetheless managed to keep from being snowed by the Pentagon.

Even before becoming chairman of the Senate Armed Services Committee, Senator Nunn led a successful effort to blunt a Vietnam-era campaign to unilaterally cut American troops in Europe. This saved NATO.

Later he weighed the question of whether the security of the United States would better be served by staying within the arms control limits agreed on with the Kremlin or by abandoning the limits and moving to build then President Ronald Reagan's preferred anti-missile defense system. He decided on the former — a choice vindicated by events.

One choice that was not vindicated was his stand on going to war against

— THE WASHINGTON POST.

Stipulate the Floor

Whoever sets out to reform Medicare must try to solve two contradictory problems at once. The future cost of the program has to be cut, but the surgery has to be done in such a way as to protect the lower-income elderly and disabled who lack the means to buy basic health care on their own.

The congressional Republicans have made some bold proposals with regard to the first of these issues. Their plan would guarantee the cutting of costs. It contains no comparable guarantee that the government will continue to provide each person enrolled with a basic level of care. It thereby retreats from current law. Together with the deep cuts that the Republicans also propose in Medicaid, it creates the risk that some of the very people who need protection most will be left without it.

The risk is greater than a Congress in a hurry ought to take. The floor under care for people of limited means ought to be at least as explicit as the cap on overall costs — or else the bill should not pass.

Medicare today is an open-ended program. The government acts as a giant insurance company, assumes the risks inherent in covering the eligible population and, up to the limits of liability, pays the bills as they come due. To limit the government's exposure, the Republicans would change that insofar as possible into a system in which the government would make fixed contributions per beneficiary per year.

The beneficiary would use his government payment to buy the best private care he could — either to purchase private insurance or to enroll in a managed care plan or to build up a medical savings account. Beneficiaries who could afford it could buy extra care by supplementing the government payment with funds of their own.

— THE WASHINGTON POST.

care he could — either to purchase private insurance or to enroll in a managed care plan or to build up a medical savings account. Beneficiaries who could afford it could buy extra care by supplementing the government payment with funds of their own.

A fixed-contribution plan could be the perfect way to control costs, but the contributions would have to be set at the right level. The Republicans, in their desire to hit their budget targets, seem to us to have set them too low.

It is a seven-year plan: toward the seventh year, it is not clear that the government contribution would any longer buy even basic insurance.

Under current law, a Medicare recipient of limited means could look to Medicaid to make up the difference. The Republicans would tear Medicaid apart in favor of block grants to the states. It is not clear to what extent the states might remain obliged to use their Medicaid funds to keep Medicare recipients whole, nor whether they would have enough funds, since over the seven years Medicaid would be cut even more than Medicare would.

The Republicans are right to try to contain the costs of the health care programs, but they are trying to extract too much money too fast. The right way to do it is to ease up a little and find some savings elsewhere in the budget. We say again: An indexation holiday would let them reduce the deficit and not tear the health care programs apart.

— THE WASHINGTON POST.

Why Military Issues Matter as Much as Economics

By Charles Wolf Jr.

SANTA MONICA, California — Despite fractious disagreement on nearly all current issues — from Bosnia to China, from welfare to Medicare — American liberals and conservatives, Democrats and Republicans, academics and journalists, labor and management, internationalists and neo-isolationists all agree on one thing: In the post-Cold War world, economics matters more than military affairs.

This consensus, however, is profoundly misleading.

The world, to be sure, has changed drastically. The overarching threat posed by the Soviet Union's nuclear forces is gone. The Warsaw Pact's imposing conventional dominance is also history. But this diminished military challenge does not correspondingly increase the relative importance of economics, nor does it suggest that public

policy should be more concerned with economic issues than with military ones.

First, the military problems that burden the post-Cold War world are more numerous and more serious than is usually recognized. Second, while economic disputes are also substantial, many of them can, and will be, ameliorated by market forces. There is no similar self-correcting mechanism to mitigate military challenges.

Even an abbreviated inventory of the military issues, risks and potential conflicts that characterize the post-Cold War era suggests how numerous and formidable they are. Consider:

• Possession by 24 nations of ballistic-missile capabilities, with ranges in varying stages of development, that could reach America and its closest allies.

• Proliferation of advanced conventional weapons — including sea and air-delivered missiles, submarines and air-defense systems — through weapons sales by major suppliers, as well as sales of dual-use technologies that expand the number of potential producers of such weapons.

• Perennial conflict in the Balkans, which may spread. • North Korea's still threatening conventional military posture toward the South, as well as uncertainties connected with its agreement to halt and roll back its nuclear weapons development.

• Russia's reduced yet still large military capabilities, and its continued development of new and improved naval and air weapons.

One thing that is clear about

this list of military challenges is that there is no benign mechanism that operates to mitigate them. Economic issues, and the disputes they often entail — between, say, the United States and Japan, or the United States and the European Union — can frequently be eased or circumvented by the self-interested actions of business firms, entrepreneurial zeal and international corpo-

rate alliances operating in response to market incentives.

When the Sumitomo Bank asks the Ford Motor Company to help reorganize Mazda, and thereby protect their joint holdings in the Japanese company, the Ford-Sumitomo partnership contributes to the easing of the sometimes antagonistic economic relationships between the respective governments, while also advancing the partners' interests.

When Toyota and Nissan agree to buy more auto parts from the United States and to shift some production of passenger vehicles to America, they are impelled as much by the overvalued yen as by the overcharged negotiating rhetoric of the U.S. and Japanese governments.

When IBM, Toshiba and Siemens collaborate in designing, producing and marketing the 64-megabyte memory chip and its prospective 256-megabyte successor, they advance their separate and joint interests while indirectly forging linkages among the U.S., Japanese, and European economies.

And as the Disney-Capital Cities/ABC merger finds new ways to expand in the Japanese entertainment and recreational market, beyond Disney's successful *On Your Mark* theme park, these mutually pro-fitable endeavors will provide an emblem for the inevitable trade frictions that will recur between the governments in Washington and Tokyo.

The large and growing network of such international, inter-company alliances does not signal the "end of the nation-state," as Kenichi Ohmae's recent book of that title suggests. But it sharply differentiates disputes from military ones. Negotiations, sometimes acrimonious, and agreements, sometimes ambiguous, among the respective governments are not always necessary, and sometimes not even fruitful, to alleviate economic frictions among the parties.

Conventional wisdom can be misleading. Despite the prevailing consensus to the contrary, there is no convincing basis for asserting that public policy and discussion should accord military issues any less importance or lower priority than accorded economic issues.

The writer is editor and publisher of *Science & Government Report*, a Washington newsletter. He contributed this comment to *The Washington Post*.

The writer is dean of the Rand Graduate School of Policy Studies. He contributed this comment to *The Los Angeles Times*.

America Spends Too Much on Military Research

By Daniel S. Greenberg

WASHINGTON — One of the less remarked manias in government is the bountiful budget still assigned to military research although the United States holds an unassailable lead in technology for war and no other country is a serious competitor.

In this troubled and uncertain world, there is no argument against the case for the best in armaments. But when the United States possesses unchallenged superiority in advanced weaponry, why is it still financing military research at levels little below the height of the Cold War? This misdirection of resources is occurring at a time when industrial growth, rather than military might, is the essence of national security.

The Soviet Union's formidable military research establishment collapsed when the old regime went under, and the remnants are so impoverished that the United States is heavily financing the breakup of Russian nuclear weapons under bilateral arms control agreements.

Japan and Germany, second and third, respectively, to the United States in economic strength, concentrate virtually all their research money on civilian goals. The contrast in spending priorities is striking.

Last year, according to the OECD, the U.S. government devoted 55 percent of its research money to military purposes. The German government spent 8.5 percent. Japan spent 6 percent.

A distant second to the United States in the military research derby is France, which spends 33 percent of its money in that category. However, the wisdom of this priority is a matter of keen debate in French industrial and scientific circles. Opponents argue that

the money is being squandered in nostalgic pursuit of bygone glory and would be better spent on research aimed at scientific advances and products for world markets.

The same argument applies to the Pentagon's enduring grip on Washington's research expenditures. The military share has indeed declined, from two-thirds of the total in the mid-1980s to a bit more than half at present. But as the pie has grown bigger, the dollar amounts for the military have changed very little in recent years.

In 1989, \$37.5 billion went into the Pentagon's research and development budget.

Last year the figure stood at \$34.4 billion. The White House asked for approximately the same this year. The new budget voted by Congress provides for an increase of about \$1 billion. The relative purchasing power of the recent budgets has, of course, been eroded by inflation. Nonetheless, even in these hard times the Pentagon's research programs remain well-financed.

The same, unfortunately, cannot be said about the civilian side of Washington's research ledger. Driven by ideology that says the government should leave industrial research to the private sector, the Republican majorities in Congress have voted to terminate federal support for long-shot projects that might have a big marketplace payoff. The rationale for federal finance in such cases is that the risks are too great for private investors but a technological home run would produce widespread economic benefits.

No way, say the Republicans, and they

have eliminated these programs, mainly in the Commerce Department. They have also terminated a Pentagon program aimed at developing "dual use" technologies — those that can serve military as well as civilian purposes.

The budget cutbacks coincide with a major retreat from long-term research by big high-technology industry. Pressed by Wall Street for profitability, industry is shunning the long road and looking for quick returns from its laboratories. The latest victim of this trend, the renowned Bell laboratories, face a doubtful future under the breakup of AT&T.

Republican kind words about university research, which is mostly of the basic kind, have resulted in only minor reductions in funds or slight increases in some cases. Not bad, when elsewhere the ax is swinging. But after several years of standstill budgets the zip and verve have gone out of academic science. The professors tend more than ever to be cautious in picking research projects, fearing that a misstep or an outright failure might blight their chances the next time they apply for scarce grant money.

In the quality of its tanks, planes, ships and other armaments, the United States leads the world by a wide margin. Constant improvement is desirable. But there would be no risk in slowing the pace and redeploying a good deal of that Pentagon research money to where it could do a lot of good — on the economic and scientific battlefronts.

The writer is editor and publisher of *Science & Government Report*, a Washington newsletter. He contributed this comment to *The Washington Post*.

Quebec's Voters Have Good Reasons to Keep Canada Whole

By Brian Mulroney

MONTREAL — When the separatists launched their campaign for the secession of Quebec from Canada in August, one leader said that French-speaking Canadians could expect the status of "une minorité visible" (a laughable minority) unless they voted to secede in the Oct. 30 referendum.

How unfair has the state been to justify the breakup of one of the world's leading nations? Not very, because the principal promise separatists make is that after seceding, Quebecers will

be able to retain their Canadian citizenship, And Canadian passports. And Canadian currency. And Canada's economic union!

How brazen! Canada, we are told, is so bad that the separatists must break it up — but only if they get to retain every single benefit of Canadian citizenship!

In the field of freedom and justice, Canada is unsurpassed. Canada is so free that it allows a political party committed to dismemberment to form the opposition.

Quebecers have been prime minister for 35 of the 50 years since the end of World War II. With only 25 percent of the country's total population, Quebecers have been chosen by Canadians for the top job 70 percent of the time. This doesn't sound like oppression to me.

French Canadians hold the positions in Ottawa of governor general, prime minister, minister of finance, minister of foreign affairs, chief justice of the Supreme Court, clerk of the Privy Council and chief of staff to the prime minister. Some minorité visible!

Canada's international influence is remarkable. In June, Canada was chairman at the summit meeting of the Group of Seven industrial countries. With separation, which would amputate a quarter of the population and gross domestic product, Quebecers and Canadians would lose this privileged membership and see a powerful downgrading of their influence from the United Nations to NATO.

If the object of government is to provide a good quality of life, what does one say about Canada, which the United Nations Human Development Index has again ranked as the No. 1 country in the world in which to live? Will Quebecers want to exchange the No. 1 position for, say, No. 11 or 21?

As the world's second largest country and, according to the World Bank, the second richest, Canada has not only achieved prosperity at home, it has contributed to social justice abroad.

Canada has become a tolerant, generous society that values serenity, eschews violence and respects the rule of law.

The preservation of the French language and culture has always been the primordial objective of Canada's French-speaking minority of 7 million people. Since confederation in 1867 and in spite of constitutional provisions that

strongly protect French-Canadian rights, the battle for the survival of the French language can only be described as heroic.

In 1982, amendments to the constitution that provided principally for a Charter of Rights and an amending formula were agreed upon by Ottawa and the nine English-speaking provinces. Quebec objected and refused to endorse them. Canada enacted the amendments anyway, and this step, although legal, caused many Quebecers to contest the legitimacy of the outcome.

After new proposals designed to enable Quebec to endorse these amendments were unanimously approved by all provinces, including Quebec, and the federal government in 1990, Newfoundland and Manitoba did not ratify the agreement, and it died. Many Canadians and Quebecers felt that this was an ominous result.

We cannot forget, however, that most leading separatists who lament Quebec's isolation from the amendments opposed every significant attempt to facilitate Quebec's endorsement of them.

Canada is being invited to join a great bilingual, pluralistic country. I believe that Quebecers will answer with a resounding "no."

The writer, prime minister of Canada from 1984 to 1993, practices international law. He contributed this comment to *The New York Times*.

Basic Bosnia Questions for Clinton

By Thomas L. Friedman

NEW YORK — With the cease-fire coming in Bosnia, attention is now shifting to the question of which countries should contribute peacekeeping troops to consolidate an end to the war. I have the perfect choice: the Germans.

There is really no country more deserving of the thankless task of monitoring a Bosnian peace accord than Germany. After all, it was Germany's desire to dismember Yugoslavia by recognizing Croatia's secession before Zagreb had worked out any arrangements for dealing with its minorities or neighbors, that helped to start the war in the first place. If there were any justice, the people who helped break up Yugoslavia (a charter United Nations member and multiethnic state) would be made to put it back together.

Beginning in the summer of 1991 the European Community was running all the diplomacy on Yugoslavia and had organized a peace conference in search of a comprehensive settlement (read amicable divorce) among the republics. The Community's guiding principle was that it would not give diplomatic recognition to any of the breakaway republics — which began with Croatia and Slovenia pulling out in June 1991 — unless and until they struck peace accords between them and guaranteed the rights of their minorities.

But then the German foreign minister, Hans-Dietrich Genscher, acting on the long love affair between Germany and Croatia (and on traditional German Serbophobia), told the Community that Germany would recognize Croatia by

How does the United States intend to be a passive, neutral peacekeeper between Serbs, Croats and Muslims with one hand, while arming and training the Muslims with the other?

No. 2. Is it wise for the United States to be putting so many troops, 25,000, into a situation where there are going to be many disgruntled people and the best way for any of them to draw attention will be not by killing a Fijian or a Dutchman but by killing Americans? Granted, this is always a problem when Americans are sent abroad, and should not stop a deployment. But it also cannot be ignored. There is a real risk that with such a large U.S. role the whole mission could be wrecked, as it was in Somalia, by just killing a few U.S. troops.

No. 3. Even if the parties can agree on permanent cease-fire lines, which they have not so far, they still must agree on the nature of a peace settlement. The Muslims still want a unitary state and will try to do this in that direction; the Serbs and Croats still want de facto partition and will try to do this in that direction.

Mr. Clinton has shown real leadership on Bosnia of late. America should continue to lead and contribute to a settlement

OPINION/LETTERS

Reflexive Applause Greets the Pope's Sober Reflections

By William Pfaff

PARIS — The encounter of the Pope with the United Nations last week, on the occasion of the latter's 50th anniversary, provided an interesting application of principled thought to matters customarily discussed in UN forums with expedient or hypocritical rhetoric.

This Pope's formation was as a philosopher, as was evident in his address to the General Assembly. Talk about human rights, freedom and human obligation, at the United Nations and in international political discourse generally, usually has little connection to any rigorous structure of thought about the nature of man or the significance of human existence. Such matters are controversial, and it is far easier to coast on a superficial invocation of democracy and a good word for human rights, both intellectually unexamined.

The Pope argued that the evident general human wish to possess political freedoms, together with a social and economic position consistent with the dignity of a free human being, demonstrates that the claim to human rights is "rooted in the nature of the person" and reflects "the objective and inviolable demands of a universal moral law." These are not abstract points, he said, but "remind us that we do not live in an irrational or meaningless world."

This universal claim to human rights is evidence of a moral logic "which makes possible dialogue between individuals and peoples," providing a kind of "grammar" in

which a discussion can take place among people "of intelligence and free will, immersed in a mystery which transcends [their] own being and endowed with the ability to reflect and the ability to choose."

This obviously is not a description of the human situation that most elites in the West today would accept. The argument about the universality of human rights put forward in most American discussion rejects both the notion of universal moral law and the suggestion of transcendent mystery in human existence. It assumes the entirely material nature of man and the absence of any human destiny other than that men and women create for themselves.

It therefore is vulnerable to the "utilitarianism" that the Pope condemned in his address, the belief that men and women logically and properly search only for their individual advantage, and that the only rational basis for altruism is an argument that you will get on better yourself if you treat others decently. This has proved a pretty fragile basis for community.

Today's sentimental rationalization of utilitarianism is the currently influential economic doctrine that holds that the untrammeled pursuit of individual advantage in an unregulated marketplace will end by making a better world for all.

It is an expression of that naive belief in

the inevitability of progress that the actual experience of the 20th century has rendered absurd. Ideas of automatic material and social progress, and indeed of the moral improvement of men and women themselves, which have dominated Western thought since the Enlightenment and since Darwin, still influence the popular and political debate — despite two world wars, totalitarianism, the Holocaust and the evidence about human progress presented in Bosnia today.

The Pope was right to conclude that the paradox of our own day, as the close of the millennium approaches, "is that man, who began the period we call 'modernity' with a self-conscious assertion of his 'coming to age' and 'autonomy,' approaches the end of the 20th century fearful of himself, fearful of what he might be capable of, fearful for the future." He has good reason to be afraid.

The press in New York made much of the Pope as a "charismatic" personality — "the most charismatic man on the planet," according to a New York Times story. This meant, presumably, that he comes over on television and draws crowds. (Comparisons were made with O. J. Simpson.)

The dictionary definition of charisma is "a quality of extraordinary spiritual power attributed to a person or office capable of eliciting popular support in the direction of human affairs." People rightly sense in the Pope a spiritual authority, and he himself undoubtedly wishes to influence human affairs by what he says.

But the fact would seem to be that he elicits no more than minority support or ephemeral sympathy for the policies he recommends and the outlook on human affairs he affirms. This is true in the United States, and in most of the rest of the advanced industrial world as well.

The specific moral demands he makes are mostly rejected, or are even considered a cause for embarrassment. This is most apparent in the tormented arena of sexual morals. His condemnations of abortion, promiscuity and contraceptives are generally unpopular — indeed, are considered outrageous — by many who make Western opinion and seem annoyed if not surprised that the Pope is still a Catholic.

However, sex is not the domain of the United Nations, and it occupies a minor place even in the moral theology of the Catholic Church. Political justice is the United Nations' domain. And in this matter the Pope's demand that no one exploit another for his own advantage, and that all practice a solidarity "which enables others to live out, in the actual circumstances of their economic and political lives, the creativity which is the distinguishing mark of a human person," meets a superficial applause masking general indifference.

That his listeners can afford their indifference to this demand, as the millennium approaches, is another question.

International Herald Tribune,
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LETTERS TO THE EDITOR

The Simpson Verdict

Johnnie Cochran, with his inflammatory, racist closing arguments, has set back the cause of equal justice in America for years. Guilt or innocence does not depend on race. Mr. Cochran, and all members of the "Dream Team" if not the whole legal profession, should be ashamed at the depth to which the ideal of a trial by peers has been dragged.

The real crime shown by the defense attorneys is not the black vs. white issue. It is the fact that O. J. Simpson is a free man because he is (or at least was) rich.

Yes, there is unequal justice in America. But it is not due to race. It is due to wealth. A poor man would have been convicted and jailed, with the key thrown away, months ago.

JOHN ALLAN,
Himeji, Japan.

Regarding "Don't Change System" (Opinion, Oct. 5), I, as an American citizen living in Ger-

many, must ask: Why ever not? The Germans I know are appalled at the media circus otherwise known as the O. J. Simpson trial, where cameras in the courtroom encouraged the baser instincts of lawyers seemingly unrestricted by any rules of professional conduct, any requirements to stick to the facts. Is this the best justice our society can deliver? As an American, I am ashamed.

EMILY HEYSER.
Munich.

Were the Clarence Thomas hearings not part of our recent past, we might get away with saying that O. J. Simpson's trial was solely about racism. Indeed, Nicole Brown Simpson was not there to testify; the resounding white voice heard was that of a policeman crying "nigger."

But the system didn't believe Anita Hill either, and she was black. Nicole Simpson's whiteness was convenient, not decisive.

Economic, cultural and political forces will continue to leave all but a

few famous, wealthy blacks at the mercy of an often racist criminal justice system — and all but a handful of women in a world of harassment, rape and battering.

Blacks' understandable anger at police brutality and other forms of unjust treatment must not be used to drive another wedge between those who need to combine efforts for a better world.

JUDITH EZENEL.
Gentilly, France.

It would be interesting to hear the views of African-Americans awaiting execution on Death Row. Of particular interest would be the views of those who had basty trials with low-paid public defenders.

ROBERT F. ILLING.
Porto, Portugal.

I definitely do not imagine I can add anything new to the ocean of comments originating from the O. J. Simpson verdict, but I will try to spell out a few dismal "lessons" that

a European citizen can derive from this by now truly global event:

1. Tribalism is triumphant. Very few Georgians deplore Stalin, not many Serbs denounce the criminal nature of Zeljko Raznatovic (a.k.a. the paramilitary leader Arkan) and a majority of U.S. blacks were convinced that Mr. Simpson should be acquitted in any case. The essence of ethics and justice, impartiality, is being attacked and eroded more powerfully than in any other era.

2. If No. 1 is true, then in the future we may see defendants seeking to be judged exclusively by their "peers" or, on the contrary, requests that juries be ethnically balanced to avoid scandalous "partiality."

3. Justice and money have been shown to be more than ever closely, and ominously, connected.

4. The combination of underdog image (as black) and top-dog reality (as millionaire) could not possibly be defeated in a court. Imaging the reverse, and you will get the reverse result (with the same evidence).

5. Courtesy of Detective Mark Fuhrman, racism has been shown to be alive and well.

Europeans should not bask in an unfounded feeling of superiority: The bell is tolling also for us. But again, the United States is proving to be the place where global trends are set and revealed with brutal clarity. We are all warned.

GIULIO BINOCCHI.
Geneva.

It's really impossible for a white American to appreciate how it must have felt to be a black in parts of America, where, as recently as 30 years ago, blacks had to go to the back of the bus or were prevented from eating or staying where they wanted. The Simpson verdict is probably a recompense for those inequities. It's a poor show for American justice, but perhaps we have to rationalize it as part of the process of evening out inequities.

W. P. WASSMANN.
Zamalek, Egypt.

BOOKS

GOLDWATER: The Man Who Made a Revolution
By Lee Edwards. 572 pages.
\$29.95. Regency.

BARRY GOLDWATER
By Robert Alan Goldberg. 463 pages. \$27.50. Yale University Press.

By John B. Judis

SOMETIMES the authors of books reveal facts that suggest an entirely different interpretation of their subjects from the one they provide.

That is the case with two recent biographies of former Arizona Senator Barry Goldwater. Both books are well researched and well written, but they both include details about their subject that are inconsistent with their own assessments of him.

Lee Edwards, a conservative intellectual who served as Goldwater's press aide in the 1964 presidential campaign, provides the most complete reconstruction yet of that cam-

paign and reveals much that is new about Goldwater's relationship with other conservatives, including Ronald Reagan.

While Edwards does not hesitate to express his views, he does not allow them to dictate what he reveals about Goldwater.

Robert Alan Goldberg, a professor of history at the University of Utah, describes himself as being on the left but, like Edwards, is meticulously even-handed in recounting Goldwater's life.

While Edwards is at his best in describing conservative politics, Goldberg, who grew up in the Southwest, is at his best in portraying Goldwater's early years and his Arizona background.

Although the biographers differ politically, they are equally admiring of Goldwater. Edwards writes, "laid the foundation for a political revolution and led a generation of conservatives to understand that theirs was a winning as well as a just

cause." Edwards describes him as an "Old Testament Jeremiad"; Goldberg calls him a "prophetic figure." Edwards quotes with approval the opinion of conservatives that Goldwater would have made a better president than Lyndon Johnson. Goldberg argues, "stands well in comparison with politicians like Lyndon Johnson, Richard Nixon, and even Ronald Reagan."

The reader of these books will find something to buttress these opinions but will also discover evidence for a contrary view of Goldwater.

Running through both books are disturbing revelations about his intellectual abilities and about his independence of mind. The books unwittingly portray him as a good-hearted but stupid and sometimes weak man whose success depended upon his following carefully a script that other people wrote.

As a senator, Goldwater does not seem to have displayed any intellectual curiosity. He authored three political books and two autobiographies, but he did not write them.

Goldwater certainly had a political philosophy that combined frontier individualism and patriotism, but it was instinctive rather than the product of reflection. He allowed others to fill in many of the details.

When he came to Washington in 1952, Edwards relates, Jay Gordon Hall, General Motors chief lobbyist in Washington, took Goldwater under his wing, even writing speeches for him. Under Hall's guidance, Goldwater led an eight-year crusade against Walter Reuther, the president of the United Auto Workers, even though the union was hardly a factor in Arizona politics.

In the replay, North opened one heart, as many would, and prayed that his partner would not pass. But South did pass, understandably, and North-South scored a modest 140 instead of the 1370 available in six diamonds. That was a gain of 15 imps to the Manhattan Club team.

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♦ 7 6 3

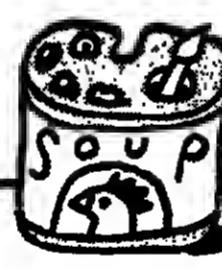
SOUTH
♦ 8 7 5
7 3
♦ Q 9 2
♦ Q 8 5 2

NORTH (D)
♦ A
♦ Q 7 6 4 2
♦ A K 10 8 3
♦ 10

Both sides were vulnerable. The bid:
North: East: South: West:
2 4 Pass 2 0 Pass
2 9 Pass 2 4 Pass
3 9 Pass 5 0 Pass
6 0 Pass Pass Pass

WHAT THEY'RE READING

* Anderson Chung, division manager of multicultural marketing communications for AT&T's Asian market, is reading "The Artist's Way: A Spiritual Path to Higher Creativity" by Julia Cameron.



It's a fantastic book. It gives great insight on creativity, which is part of the job of motivating advertising agencies. (Maria Sanminiatelli, IHT)

cause." Edwards describes him as an "Old Testament Jeremiad"; Goldberg calls him a "prophetic figure." Edwards quotes with approval the opinion of conservatives that Goldwater would have made a better president than Lyndon Johnson. Goldberg argues, "stands well in comparison with politicians like Lyndon Johnson, Richard Nixon, and even Ronald Reagan."

The reader of these books will find something to buttress these opinions but will also discover evidence for a contrary view of Goldwater.

Running through both books are disturbing revelations about his intellectual abilities and about his independence of mind. The books unwittingly portray him as a good-hearted but stupid and sometimes weak man whose success depended upon his following carefully a script that other people wrote.

As a senator, Goldwater does not seem to have displayed any intellectual curiosity. He authored three political books and two autobiographies, but he did not write them.

Goldwater certainly had a political philosophy that combined frontier individualism and patriotism, but it was instinctive rather than the product of reflection. He allowed others to fill in many of the details.

When he came to Washington in 1952, Edwards relates, Jay Gordon Hall, General Motors chief lobbyist in Washington, took Goldwater under his wing, even writing speeches for him. Under Hall's guidance, Goldwater led an eight-year crusade against Walter Reuther, the president of the United Auto Workers, even though the union was hardly a factor in Arizona politics.

In the replay, North opened one heart, as many would, and prayed that his partner would not pass. But South did pass, understandably, and North-South scored a modest 140 instead of the 1370 available in six diamonds. That was a gain of 15 imps to the Manhattan Club team.

THE UNITED GERMANY

IMPACT ON BUSINESS & THE ECONOMY

OCTOBER 19 - 1995

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THE WORLD'S LEADING DAILY

Restaurateur Dishes Up Lowdown on Seating

By George Lang

NEW YORK — Before New York's restaurant owners and managers, maîtres d'hôtel and head-waiters ask for the best tables in heaven, they have a lot to answer for.

Even St. Peter, who manages the front of the house, is baffled by a mystery that bedevils diners.

When they arrive at empty restaurants, why are they so often taken to the worst table — to Siberia, as we call it?

They are hustled past acres of white tablecloths and deposited in

MEANWHILE

the rear or next to kitchen doors or waiters' stations. It doesn't matter whether they made reservations weeks earlier or are walk-ins.

Even though the dining room eventually fills up, this does not heal bruised egos.

As a lifelong restaurateur and historian of gastronomy, I understand the reasons for the practice — and don't approve of many. Here are some pluses and minuses.

Hall of mirrors. Nobody likes to walk into an empty restaurant. By dispersing the patrons, the manager makes it look full.

Interior decorating. We have to dress up the dining room with attractive people. Sometimes a guest's appearance and behavior are — how should I put it? — discordant.

As one of Manhattan's most respected restaurateurs once told me: "No restaurant failed because of the people who turned away. But many have closed because of whom they let in." When a decorative palm is potted and a guest turns up that way, we are all warned.

Labor relations. Maîtres d'hôtel can't stiff waiters whose tables in the gulgah have seen few paying guests for days. (But should guests know this or care? They come to see and be seen.)

Privatization. If you put the couple in love in front, you create an embarrassing peep show. You don't want the next table distracted if the guests are cutting a deal to buy Time Warner.

The club. Why shouldn't the steadiest get preferred treatment? Mostly, first-timers have to earn it.

In restaurants, as in outside life, what comes easy holds little value. Premium seats whet appetites — of all sorts.</

HEALTH/SCIENCE

Dr. Internet Scans the Planet

By Sandy Rovner
Washington Post Service

WASHINGTON — This note appeared on the Internet during the third week in July: "Hello! We are two friends from Venezia, Italy; Jo and Cris. Alice, our friend, has a very bad disease, so she has asked us if we can help her. She doesn't feel the physical pain... and she is only 9... We are trying to connect with a hospital in Michigan, probably at Lansing, because we know that in that hospital there is the other person who has the same bad disease. We know only the Italian name: *dysautonomia familiare del II tipo*... We need... any other information that could help us to find this hospital."

So began an Internet search for help that eventually led Cris and Jo to a medical librarian in Fort Wayne, Indiana: a medical foundation in New York; a parents' support group in Wisconsin; and perhaps help for their sick friend from two medical specialists, one in New York and one in Israel.

Even though Alice's story is still unfinished, her search for help on the Internet is a striking metaphor for the uses of this international communications network for medical purposes.

Alice Lazzaroni has an extremely rare genetic disorder

that afflicts children of Italian, Greek and other Mediterranean heritage. She does not feel pain or perspire and she has serious bone problems.

Her family in Venice could find little information about it. As Alice's condition worsened — recently she became unable to function without a wheelchair — they became desperate to find help. Family friends Cristiano "Cris" and Giorgia "Jo" Parmiggiani, who speak only a little English, set out on the Internet to find information.

Thousands of miles away, Barry Orton, a telecommunications professor at the University of Wisconsin, has an eight-year-old son, David, with a closely related and rare illness, familial dysautonomia (FD) that affects Jews of Eastern European ancestry.

Only about a year ago, Orton and some other FD parents began communicating on the Internet to compare notes. Contacted by the medical librarian who saw the note from Cris and Jo, these parents of FD patients embraced the Lazzaronis, giving them their first contact with other parents with many of the same problems and access to medical specialists familiar with the disorder.

FD has many names and a confusing combination of symptoms. It may affect one or more activities of the autonomic nervous system, the part of the nervous system that carries our involuntary tasks such as digestion, breathing and regulation of body temperature and blood pressure.

Cris and Jo posted their note to every newsgroup — electronic bulletin boards where people can send notes to discuss specific interests — that contained the word "Michigan," "genetic," "disease" or "health," which means that it must have appeared in hundreds of sites. There are 13,000 Usenet newsgroups on the Internet.

MOST of the 50 or so responses were from people offering prayers and sympathy, until their note was spotted by Catherine Amot Smith, a medical librarian for an insurance company in Indiana. Through Smith, they found Orton. He and the other FD parents had established FDNet, a "Litserv" (short for list server), which is similar to a newsgroup but is restricted to people who subscribe to it. A central computer distributes any messages to all people on the list.

Now the Lazzaronis are full-fledged members of FDNet. Sandro Lazzaroni wrote to the net this month, "Me and my wife thanks you all because you all have done in a few weeks

more than the doctors (in Italy) have done in eight years."

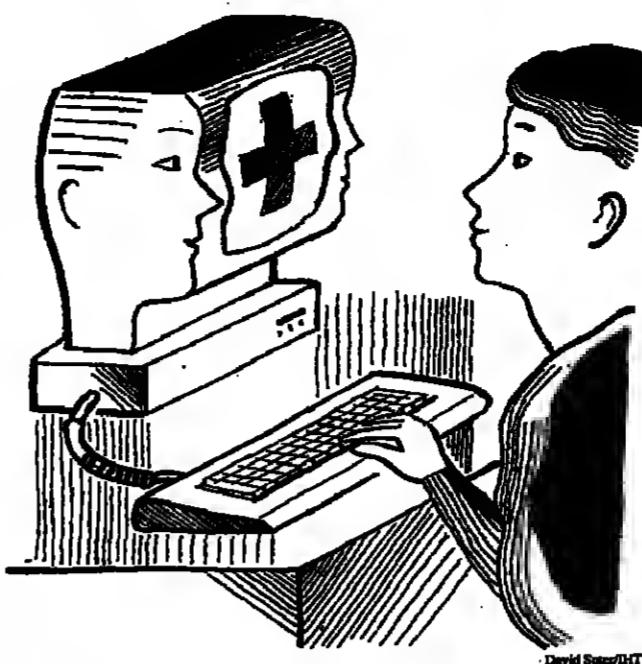
All of the major computer network services — America Online, Prodigy and CompuServe — can provide access to the Internet and have health and medical databases and related "chat" rooms where members can get together in "interest groups" and converse on-line about treatments, symptoms, individual doctors, books and articles. Most of these online service sections are costly and usually an hourly premium above monthly charges runs about \$2 to \$4.

The Internet also can be reached less expensively through libraries and special Internet services when local lines or 800 numbers are available.

The World Wide Web, which organizes vast chunks of information on the Internet, has become popular in the past few years. The web enables users to move among related topics through a system of "hyperlinks," which are underlined words.

Many health and medical associations and organizations have home pages on the web.

There are many ways to start searching for a given health subject. One of the easiest is to start with a "search tool" called Yahoo, a system of hyperlinks invented by two Stanford University students that has become a permanent and



5 Share Nobels For Ozone Study, Particle Physics

By Thomas Ginsberg
The Associated Press

STOCKHOLM — Four Americans and a Dutch scientist won Nobel prizes for sounding the alarm about depletion of Earth's protective ozone layer and for discoveries about some of nature's tiniest particles.

The chemistry prize, for the ozone work, went to Mario Molina of the Massachusetts Institute of Technology, F. Sherwood Rowland of the University of California-Irvine, and Paul Crutzen, a Dutch citizen working at the Max-Planck Institute for Chemistry in Germany.

The physics prize went to Martin L. Perl of Stanford University and Frederick Reines of the University of California-Irvine. They discovered "two of nature's most remarkable subatomic particles," their citation from the Royal Swedish Academy of Sciences said.

Although ozone is considered a pollutant at ground level, it protects the Earth from the sun's harmful ultraviolet rays at high altitudes. "The three researchers have contributed to our salvation from a global environmental problem that could have catastrophic consequences," the academy said.

Dr. Molina and Dr. Rowland, working separately from Dr. Crutzen, reported in 1974 that CFC gases used in spray cans, refrigerators and other items — threatened the ozone layer.

They calculated that, if use of CFC gases continued without abatement, the ozone layer would become significantly depleted, the citation said.

Dr. Crutzen explained in 1970 how nitrogen oxides react with ozone to accelerate the reduction of the layer. "Crutzen took a fundamental step toward a deeper understanding of the chemistry of the ozone layer," the citation said.

THE report from Dr. Molina and Dr. Rowland led to restrictions on CFC release during the late 1970s and early 1980s, the citation said. Their research predicting an ozone "hole" laid the groundwork for its discovery in 1985 over the South Pole. "Not until 1985, when the real shock came, was there any real shock came, in international negotiations on release restrictions," the academy said.

As a result of the scientists' path-breaking discoveries, "the most dangerous gases will be totally banned from 1996," the citation said, adding that de-

veloping countries have been given a grace period.

The winners of the physics prize discovered subatomic particles called the tau and the neutrino.

In the mid-1970s, Dr. Perl found the tau, a heavier cousin of the electron. The tau is highly unstable and decays into other particles in less than a trillionth of a second.

The first tau particles were probably created in the Big Bang that started the universe, but they have long since disappeared. So Dr. Perl had to create tau particles in a particle accelerator to study them. The discovery uncovered a family of subatomic particles that the Nobel citation said is crucial for current theories of how nature's smallest particles behave.

Dr. Perl called the award "unexpected" and said he hoped it will help convince people his current work involving quarks, another class of subatomic particles, is "not a waste of time."

THE Nobel committee cited Dr. Reines, who worked with the late Clyde Cowan, for detecting the first neutrino, called the electron neutrino, in work that started in the 1950s. Dr. Reines is in a hospital for a condition that is not life-threatening, according to Myron Bander, former chairman of the physics department at the University of California, Irvine.

Dr. Bander said Dr. Reines deserved the prize "for discovering this fundamental particle. This particle appears in all these radioactive decays. Now it has been used in astronomy and all sorts of other research. It is a keystone to our understanding of elementary particle physics."

Neutrinos stream out from the sun and star explosions called supernovas, making it possible to probe the innermost regions of stars. They are produced along with energy, and to understand how stars and the sun produce energy "you need to understand neutrinos," said physicist Richard Steinberg of Drexel University in Philadelphia, who studies neutrinos.

Scientists are still debating whether neutrinos have mass. Neutrinos are extremely abundant, so if they have even a little mass they could help explain the so-called missing mass problem, which is that scientists have found far less mass than the universe appears to contain.

The winners of each Nobel will share \$1 million this year. They will be honored during a ceremony in Stockholm on Dec. 10.

Sexual Harassment: It's as Old as Birds and Bees

By Natalie Angier
New York Times Service

NEW YORK — Birds do it, senators do it, even fuzzy little bees do it: they engage, that is, in the ancient art of sexual harassment. Harassment is probably as old as the partition of sex cells into sperm and eggs.

Indeed, the more carefully biologists survey the field, the more often they spy examples of males hounding females (and, on occasion, the reverse) to listen up, settle down and mate, mate, mate. Now some researchers are attempting to

quantify the toll that harassment exacts on the recipient of the unwanted advances, to determine when conventional male ardor becomes dangerous to the female, detracting from her capacity to care for her young and even, on occasion, leading to her death. Two papers on the subject of sexual harassment and coercion appeared recently in the journal *Animal Behaviour*.

A male may follow a female around, hitting or slapping or screeching at her until she relents, as often happens among chimpanzees. Or he may skip the warm-up and simply rape her, as young male orangutans do nearly every time they encounter a female. Among sea otters, for example, a male may grab a female's snout with his teeth or claws and drown her while attempting to mate.

"It's all very squalid and de-

pressing, but there we are," said Dr. Geoff A. Parker of the University of Liverpool in England. Dr. Parker and a colleague, Dr. Timothy H. Clutton-Brock of the University of Cambridge, wrote one of the two *Animal Behaviour* papers.

Researchers have long known that male and female animals struggle endlessly with a fundamental paradox: they need each other to reproduce, yet they have very different notions of how that need should be filled. Females usually — though not always — do most of the child care, investing in the demands of maternity.

By contrast, males often have nothing to do with their young beyond tossing in half a genome — and the more semigenomes they can get into the pool, the better. Unlike the big, nutritious egg, their sperm cells are usually abundant and comparatively cheap to manufacture (though there are important exceptions, like fruit flies that make giant sperm several times the length of their bodies). Males also must move quickly to beat out competing males, which means in many cases imposing themselves on a female without giving her a chance to pick and choose.

Not every act of male aggression hurts the female, and sometimes a female appreciates a rousing display of male savagery, seeing it as evidence of strong genes or the ability to guard the territory against intruders. But when the costs to the female of male pushiness outweigh the benefits, then biologists call it sexual harassment.

"Among humans, anything you don't like can be called harassment," said Dr. Graham N. Stone, an entomologist at Oxford University in England, the author of the second report. "Biologists don't define it that way. You must be able to identify an unequivocal cost of the male activity to female fitness, and that isn't always easy to do."

The grim tally is presented in the Clutton-Brock and Parker paper, which also offers complex game theories to give the various behaviors a mathematical and evolutionarily dynamic framework.

Natalie Angier

taking contents of an egg, or the even more expensive milk of the breast; and with that high investment comes a female's desire to mate with the male of her choice and ignore the rest. Afterwards, she's got work to do, turning her attention to the demands of maternity.

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PARIS
"SALON DES CREATEURS"

Spring-Summer 1995 Collection

THE fashion themes of the season are the onward march of the dress, especially an elongated shirt shape with a polo collar. Fine sweaters, fitted close to the body, and cardigans made a strong showing for summer. Knits were either mid-calf or mid-calf — the revival of long overaking the so-called "new" knee length. Strong, fresh color swept back, along with white.

The underlying concern about Milan fashion is that, although the product is high quality, no new design talent seems to be emerging. British designers Rifat Ozbek and Katherine Hamnett have both fled Milan, calling it inhospitable.

The designer also insists on sending out waves of evening wear with embroidered bodices and ball skirts, where a few

can handle decoration and put a woman in an organza ball skirt as well as pants.

This has not been a stellar Milan season with both buyers and press frustrated that the strengths of Italian fashion — interesting and inventive fabrics and superb make and finish — are lost on the big runway and often deliberately obfuscated by short-term gimmicks like back-to-the-1960s styling.

A more intimate presentation when the audience walks through and is able to touch and feel the clothes would be the solution for houses who do not need to make a drama out of clothes.

The delicate cut-out flowers and inserts on organza at Alberta Ferretti were examples of exceptional Italian workmanship that begged to be admired close up and did not need a runway show, although there was a fine finale of gauzy dresses in gradations of sunset colors from peach through hot coral.

They were shown with knits rather than shirts and went occasionally with mid-calf skirts, but mostly with soft pants, or a newer flat-front version.

SPONSORED SECTION

SPONSORED SECTION

UGANDA

CONFIDENCE COMES BACK TO KAMPALA

Uganda is on a path of enviable economic growth.

Uganda — a beautiful country of rolling hills and valleys, rivers and lakes — ran into severe difficulties in the 1970s. It has now found renewed energy to develop its rich economic potential, and it appears to be succeeding.

The statistics are clear and unambiguous. Economic growth has been averaging 6.6 percent a year since 1986 and reached 10 percent in the financial year that ended in June this year.

This growth is due to a good performance in agriculture — up 6.1 percent last year — and to substantial new investment in manufacturing activities, whose output rose by 17.7 percent last year.

Exports have also flourished, although last year's extraordinary leap of 111 percent was probably a one-time benefit of the coffee price boom. At the same time, there has been a successful battle against inflation, which has fallen to an

annual range of between 3 percent and 6 percent.

Reforming government Investors and donor governments alike pay tribute to President Yoweri Museveni and his team of reforming associates, who since taking power in 1986 have adopted a dynamic approach to overcoming Uganda's legacy of bad government.

The previous 15 years of bitter ethnic conflict and government brutality — the regimes of Idi Amin and Milton Obote are held responsible for the loss of at least 500,000 lives — had brought the country to the brink of total economic collapse. The Museveni formula for recovery has been a mix of imaginative politics and far-reaching economic liberalization.

The formula strongly encourages the private sector and actively wooes foreign investors, especially those of Asian origin, who were ex-

ecuted by Idi Amin in 1972. The Museveni government has won strong praise and financial support from bilateral donors as well as from the International Monetary Fund and the World Bank.

Tough decisions

"Uganda has learned from other people's mistakes," says Brian Falconer, the World Bank's resident representative in Kampala, adding: "Things are happening here that are not happening in other African coun-

Local investors

Mr. Mayanja-Nkangi stresses that most of the new investment is undertaken by Ugandans rather than foreigners. "We are inundated with enthusiastic people," says the minister, who is convinced that the recent rate of investment-fueled growth is sufficiently sustainable to allow Uganda to look forward to dispensing with foreign aid early in the first few years of the 21st century.

Encouraged by the response of ordinary Ugandans, and particularly by that of farmers, Trade Minister Kajjuka says that the decision to let private operators buy and export coffee, Uganda's principal crop, has been an unqualified success.

"Liberalization put money directly into the farmers' pockets," he says, adding that when prices surged on the world market, the farmers began, many for the first time, to look for ways to improve the quality of their crop.

The success of coffee liberalization leads Mr. Kajjuka to predict significant growth in a wider range of agricultural products, including tea, cotton, tobacco and food commodities.

"All our neighbors need food, and we'll continue to be the granary of the re-

gion," he says. "We are dealing in coffee (buying, processing and exporting), spices, fishing, transport and automobiles. Several such conglomerates are already turning over tens of millions of dollars a year.

Export markets

Perhaps typical of the new generation of investors is Mukwano Industries, which launched its operations in 1985 and now has wide range of interlocking businesses, including road transport, tea growing, soap and cooking oil manufacture, and construction.

"We are making the transition from trading to manufacturing," says Mukwano's executive director, Alykhan Karmali, "and we are beginning to look beyond Uganda's borders to find markets for our products in Sudan, Zaire, Rwanda, Tanzania and Kenya. The prospects are good."

Any country could be

proud of the economic results of Uganda's far-reaching reforms — increased production, booming exports, a strong currency and low inflation. Success can bring its own headaches, however, and can expose weaknesses in the system.

The strength of the Uganda shilling — resulting from the coffee boom and large capital inflows — could threaten to make Uganda's exports uncompetitive.

At the same time, the financial infrastructure remains undeveloped, restricting the potential for mobilizing savings. The government is now addressing both of these issues. Another challenge is Uganda's shortage of trained labor, especially at the higher and middle levels.

A permanent difficulty is the high transport costs resulting from the country's landlocked position. There is a related problem of instabil-

ity in Sudan, Zaire and Rwanda, which can from time to time spill over into Uganda.

But such problems have not succeeded in daunting confidence in the country's future. Investors are discovering unusual potential for agriculture, fishing, manu-

facturing and tourism, and they appreciate the warm welcome they receive from the authorities. Their investment drive is certain to be stepped up if, as expected, next year's elections confirm that the current political stability can be maintained.

A sign of the times is the recent expansion of regular international flights into and out of Uganda's airport at Entebbe. In 1994, the number of arrivals at the airport rose by 38 percent, to more than 100,000. For years, many travelers preferred to keep away from Uganda. But it is now firmly back on the map.

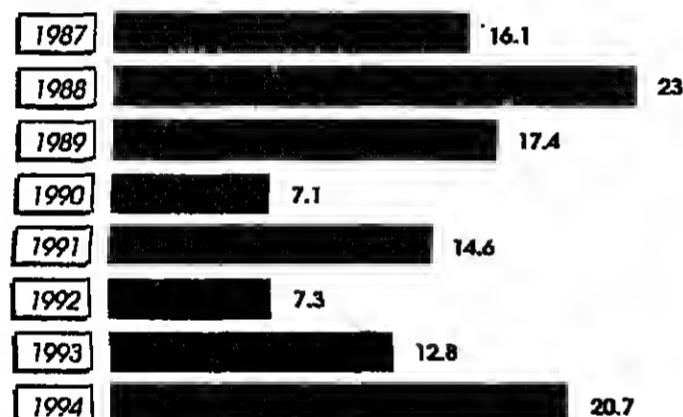


The tall buildings that dominate the changing skyline of Kampala, together with the busy street market scenes, symbolize Uganda's return to peace and prosperity after the difficult years that preceded 1986.



RICHARD STONE

ANNUAL PERCENTAGE GROWTH OF INDUSTRIAL PRODUCTION



Source: Ministry of Finance and Economic Planning, Kampala.

PRESIDENT DESCRIBES UGANDA'S FORWARD COURSE

"The destiny of the country is in the hands of the people of Uganda."

In the following interview, President Yoweri Museveni describes how his government is setting Uganda on a steady path toward becoming a modern economy.

Are you confident that Uganda is embarked upon an economic course that is appropriate for its place in the world economy and that can lead to sustainable growth in the future?

There is no doubt about this. The decline in our economy between the 1970s and early 1980s has been totally reversed. We have set the economy of Uganda on a forward course that is today characterized by rapid growth. We have planned our task carefully and have deliberately gone about it step by step. The first task was to revive the economy. This we have largely done. We have successfully toughed the lethargy that had set into the economic life of the people of Uganda during two decades of economic mis-

management, and we shall continue to fight this lethargy until we completely eliminate it.

Secondly, we had to address some basic problems that were embedded in the system. I am talking here of things such as reliance on coffee as the sole foreign-exchange earner, over-bureaucratization of the economy, the existence of too big a public sector, restrictive economic policies, neglect of the primary producers of wealth and other irrationalities. We have liberalized the economy and are now in the process of privatizing most of the public enterprises.

We have set the economy of Uganda on a steady path to become a modern economy, and we will be able to sustain a reasonable rate of growth.

Can anything be done to create a more general improvement in incomes?

Indeed, there is more to be done. We have been working on building up the infra-



"We have successfully fought the lethargy that had set into the economic life of the people of Uganda during two decades of economic mismanagement. We have liberalized the economy and are now in the process of privatizing most of the public enterprises."

President Yoweri Museveni.

structure that will enable our people to market what they produce. We have also realized that in order for the people to take off economically, they need credit, without which they cannot start viable economic activities. We have therefore started a program called the *entandikwa*

scheme, which seeks to provide credit to the poorest families to enable them to start profit-making projects. We are also intensifying our education program. Education is crucial in the struggle to eliminate poverty because it will equip our people with basic knowledge and the skills necessary in managing economic projects.

In recent months, there have been some words of criticism from representatives of Western nations about the pace and manner of Uganda's democratization. Do you agree with the Constituent Assembly's decision to delay any introduction of multiparty democracy or would you rather postpone multiparty democracy indefinitely?

It should be clear that the democratization of Uganda will have to go at the pace and in the manner decided on by the people of Uganda. Let me assure you that the people of Uganda participated in a free and fair election of those whom they wanted

to carry their views to the Constituent Assembly. Therefore, whatever decision was taken on any issue represents the sovereign will of the people of Uganda.

It follows that the decision to delay the introduction of multiple parties reflects the wishes of the majority of the people. Whether I agree or disagree with this decision is not important because my views cannot supersede the collective decision of the people of Uganda as expressed through their representatives. I do have personal views on all these issues, yes, and in this case I happen to agree with the decision of the Constituent Assembly on the form of democracy we should have for the time being. However, even if I had taken a decision that I do not agree with, I would still abide by that decision, because it is my duty to do so.

What our Western friends need to understand is that the destiny of this country is squarely in the hands of the people of Uganda.

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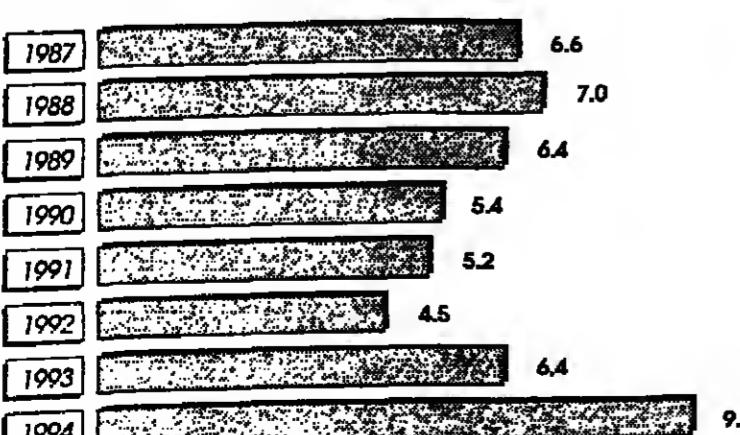
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"Over the year ending June 1995, the Ugandan economy turned in another solid performance, as economic and financial developments exceeded expectations in almost all areas. The growth in real output amounted to no less than 10 percent; the annual inflation rate dropped to 3.3 percent, and the overall balance of payments remained in substantial surplus. This performance demonstrates, once again, the authorities' continuing commitment to improve the well-being of the public through sustained macroeconomic stability and growth."

Charles N. Kikonyogo
Governor

ANNUAL PERCENTAGE GROWTH OF GDP



Source: Ministry of Finance and Economic Planning, Kampala.

UGANDA

FINANCE MINISTER SAYS THAT GROWTH IS SUSTAINABLE

"Our exporters need to find niches internationally where they can sell," says Jejoash Mayanja-Nkangi.

In the following interview, Minister of Finance and Economic Development Jejoash Mayanja-Nkangi describes the government policies that have helped to restore to Uganda the confidence of international investors.

How sustainable is the current revival in Uganda's economic fortunes? Can Ugandans look forward to a more general improvement in their standards of living?

Our growth in GDP has shown a rising trend, because our economic policies - fiscal, monetary and general - have encouraged investors to invest more. Also, political stability has returned to our country, confidence has been generated here and our policies have been well received internationally. Generally, people think Uganda is doing well, so the investors are coming. Since we set up the Uganda Investment Authority in 1991 as a one-stop center to get all the necessary authorizations for investors, we have given approvals for at least \$1 billion worth of new investments.

Our growth is sustainable as long as the will to do business is there, both on our part and on the part of the international investors who want to come here. Most of the investing, by value, is being done by our own nationals here, although we still need to develop the level of effective entrepreneurship.

This has traditionally been an agricultural country, and we would see greater growth if we could expand into the area of agro-processing and could take advantage of newly available technologies.

We also lack sufficient capital, although the resources are here and the will to grow is also here. We have to keep at it, but we are inundated with enthusiastic people!

There is much evidence of a strong revival in manufacturing activity. Do you think that this is largely destined to substitute for manufactured imports or that eventually Uganda could become a significant industrial exporter?

We are going to find it hard to gain access to some markets, but in the long run Africa will not come up until it industrializes judiciously. In the 1960s, Uganda used to be an exporter of some commodities, such as sugar and textiles, but this collapsed when General Amin took over. Now we are determined to achieve both import substitution and strong export promotion. We have to try to reduce the costs of production as much as we can, and our goods must be of high quality. Our exporters need to try to find niches internationally where they can sell.

Is Uganda well-placed to benefit from current plans for sub-regional cooperation?

Yes, indeed. Uganda is in the center of Comesa [the Common Market for Eastern and Southern Africa], a region of about 250 million people. We are already buying from our neighbors and selling to them. Even in the short time since South Africa became part of the international community, our businessmen have begun to travel there regularly. There are now at least four flights a week. We are already in a strong position to export our food to countries of the region because of other countries' food shortages. In the case of food, it is a question of our capacity to supply and to export.

Can privatization be achieved, and is there an assurance that it is in the best interests of the nation?

I think privatization is in the best interests of the nation because we have found through our own experience that ministers and civil servants are not the best managers of business

establishments. Secondly, the cost of running the parastatals has been a drain on the treasury, and we can no longer afford it. It is in the interests of the country to stop the hemorrhage on the exchequer and the misuse of resources.

Our difficulty has been that, in the past, we asked for a price based on the original cost of the assets. Some people did not accept that there was a difference between the cost of assets and their profitability. When the process was beginning to drag on, the president issued a directive that the responsibility for privatization should be given to a minister of state, within this ministry, to make the process faster.

Financial sector reform has been lagging behind other areas. In this connection, what does the government plan to do to speed the process of reforming the Uganda Commercial Bank?

The financial system is essentially private, except for the UCB, Co-operative Bank and the Uganda Development Bank. In the past two years, we started to look into the UCB, which accounts for between 40 percent and 50 percent of total deposits in the banking system. It has been making losses and needs capitalizing. We plan to move it toward privatization in the coming months.

When do you expect the capital market to be launched?

After deciding to move ahead with a capital market, we have sought advice and, as a result, there is now a bill before our present parliament. It should be debated in the coming session. A capital market will help tremendously in giving those with savings access to new investment opportunities, and it will help us draw capital into the country.

How would you describe Uganda's relations with the international financial institutions, particularly the IMF and the World Bank?

Excellent. These institutions have gone out of their way to assist our socioeconomic development. They are prepared to



'Political stability has returned to our country. confidence has been generated here and our policies have been well received internationally. Generally, people think Uganda is doing well, so the investors are coming.'
Minister of Finance and Economic Development
Jejoash Mayanja-Nkangi.

be argued with, and we do not take on policies we cannot accept. We have had to bargain, and we have had to take difficult decisions, but we have been taking them. It is our view that projects should be owned by the countries that borrow from the multilaterals, and I think the World Bank and the IMF have considered this. Ultimately, it is our country, and we are very conscious of our independence.

Are you satisfied with the current level of debt relief that Uganda is receiving from its creditors?

We are satisfied from the point of view that we have had generous relief on our bilateral debts from the Paris Club. But our debt is so structured that between 65 percent and 70 percent of our debt is multilateral, from institutions which by their charters can never forgive their debts.

Some governments have urged the IMF to sell some of its gold as a means of providing debt relief, and that proposal is now on the table. We hope that more can still be done.

How long do you think it will be before Uganda can dispense with donor support and assistance?

It will probably take a further five to eight years. As the economy grows and we find ourselves able to collect more revenue, donor support will become less necessary, although it will remain considerable, at least for development purposes, for some years to come.

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WHERE BANKING PROVIDES THE PERSONAL TOUCH

Preparations are being made for the formation of a capital market, based at first on privatized state companies.

Like most activity in Uganda, banking revolves around personal recommendations and reputations. It is a world away from the anonymity of computerized systems and telephone banking.

Most of the privately owned banks only have one or two branches, and they exist by serving a small and select number of company clients.

The personal touch may have its charm, but the downside is that most banks still operate manual systems. Checks take days, or even weeks, to clear. The banks' only significant sources of income are from their foreign exchange transactions and lending. Not that securing a loan is easy. The banks lend only to customers who have established a good performance on their accounts over a long period. Even

then, only short-term borrowing is available - at a steep interest rate of between 18 percent and 21 percent.

Although interest rates seem likely to stay punishingly high, at least until there are more sources of income, lower operating costs and more areas of competition in the financial sector, the old-fashioned methods may soon begin to change.

The internationally linked banks are planning to install computers and automated teller machines, and to become fully linked with the international systems operated by their head offices in London, Johannesburg or Bombay.

New blood Standard Chartered, Barclays, Stanbic and Bank of Baroda fly the flag for their distant head offices, but the new blood in Ugandan banking comes from small, recently established institutions such as Orient Bank, Crane Bank and International Credit Bank. Orient, for example, opened for business in March 1993 with a capital base of 1 billion

Uganda shillings (\$1 million) and now boasts a deposit base of 10 billion Uganda shillings. Managing Director Ketai Morjaria says the bank more than doubled its profits, from 245 million Uganda shillings in 1993-94 to 502 million Uganda shillings in 1994-95.

The new banks may be innovative, but they are hindered by the limitations of a restricted market. Uganda is waiting for the potential of the financial sector to be opened up, once the thorny problems of the state-owned Uganda Commercial Bank, which accounts for half the deposits in the country, are resolved. UCB suffers from the familiar problems of an uneconomic state-run institution.

In addition to 16 commercial banks, Uganda has 19 insurance companies, which are becoming increasingly important to the orderly development of the financial market. "The weaknesses of the financial sector are at last being addressed," says Gordon Senta, general manager of the country's largest insurance company, Pan World Insurance.

The mobilization of savings is vital for the health of the economy," Mr. Senta adds. "The time has come to look internally. Success can come only if the people are introduced to the savings culture, and the insurance industry can play a big role in this."

Moves are also under way to establish the basis for a small capital market in Uganda, mobilizing savings and creating new share-trading instruments.

The Finance Ministry promises close liaison between the newly established Capital Markets Authority and the ministry's own Privatization Unit to ensure that tradable securities are available to members of the public. It says that this would be a "kick-start for the stock exchange."

Preliminary market Finance Ministry adviser Darin Gunesekera hopes that the commercial banks can be mobilized to create a preliminary market in privatized company shares. "We have had to start with the basics: explaining what shares are and what prospectus is, but we should have a core OTC [over-the-counter] market by the end of this year," he says.

Although this will be small initially, given the limited availability of savings, pension funds and other domestic sources of investment capital, the potential for growth is substantial. A successful first share flotation, perhaps of a leading parastatal company like Uganda Airlines, would give an important psychological boost to the market.

Uganda's fledgling capital market may gain its first impetus from privatizations of government stock, but its real potential lies in the already established private sector.

Directors of several of the larger and more diverse industrial groups confirm that they would consider floating shares on the capital market soon after it becomes properly established. There is still no official timetable for the establishment of a fully functional Uganda stock exchange, but informed sources suggest a time frame of about 18 months.

Alongside Uganda's recent achievements, such as the attraction of substantial new foreign investment and the maintenance of a remarkable exchange rate stability for the Uganda shilling, the continuous steady growth in the financial sector over the past seven years has given Uganda's financial institutions a basis of confidence to move forward to the next stage of liberalization and free competition.

UGANDA

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MANUFACTURING SECTOR: Building, Construction Materials and Real Estate Development, Power Generation, Telecommunications.

AGRICULTURE SECTOR: Cotton processing and Textile, Livestock production and processing (Beef and Dairy), Horticulture/Floriculture, Food processing, Fish farming and Processing, Fruit growing and processing.

UP-COMING EVENT:

The Common Market in Eastern Southern Africa (COMESA) Conference, is due to be held in Uganda at the Kampala Sheraton Hotel from 28th November to 2nd December 1995. The objective of the forum is to bring together investors and investment related organisations from COMESA countries and industrialised countries as well as multilateral, regional and sub-regional organisations for the mobilisation of investment related resources for the four countries in COMESA sub-region namely UGANDA, KENYA, ETHIOPIA and ERITREA.

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UGANDA

UGANDANS ARE
SEARCHING FOR A
DEMOCRATIC PATH*The new constitution points the way to a referendum*

Early next year, Ugandans will have their first opportunity in 16 years to vote directly for candidates standing for Parliament and the presidency. It will be the next stage in Uganda's long search for an appropriate form of democracy — a search that has tried to go to village and urban communities and to harness the talents of individuals into a national movement, while discouraging the activities of political parties based on ethnic or religious allegiance.

The new era came closer last week with the promulgation of Uganda's new constitution, which has been closely debated by the elected Constituent Assembly. Although this authorizes a continuation of the present "no-party" system pioneered by the government of President Yoweri Museveni, the new constitution makes provision for a possible return to full multiparty politics within five years.

Resolving the disputes

The constitution also radically restructures government responsibilities in an attempt to resolve many of the disputes that have torn Uganda apart in the past. It

gives important responsibilities to district and regional governments, and ensures a separation of powers between the presidency and the Parliament.

"The advantage of this constitution is that it enacts the views of the people at the grassroots," says the Constituent Assembly chairman, James Wapakabulo, explaining that many elements of an earlier draft were accepted while others were rejected after extensive debate. "Decentralization is fully spelled out, so that we will now have a quasi-federal arrangement at the district level, with elected district councils and chairmen. The finances of the districts will also be guaranteed."

Lively debate
The debates were lively. Mr. Wapakabulo says, and particularly so on the issues of federalism and multipartyism.

Federalists had hoped to allow for the recognition of the right of traditional rulers to govern within their own domains. In the end, the delegates compromised with a recognition of traditional rulers, on the condition that they do not exercise powers that are reserved for the po-

*The parliament of Buganda in Kampala, which was closed between 1986 and 1993, is now vested with traditional (not political) authority.*

litical authorities. "There is even provision for the districts to vote money for their kings," Mr. Wapakabulo adds.

Under the new constitution, the eight districts that make up the traditional kingdom of Buganda, in the center of the country, are free to make provision for the Kabaka (king) of Buganda, for example, and similar arrangements are available to traditional kingdoms elsewhere in this ethnically diverse country. With the fed-

eralists continuing to demand a greater degree of autonomy, Mr. Museveni has undertaken a round of public meetings to warn politicians not to involve their traditional rulers in politics and to explain the guarantees that the constitution gives these rulers.

Compromise reached
Equally contentious were the debates over whether to allow a return to a multiparty system of democracy. While Mr. Museveni's Na-

tional Resistance Movement has always welcomed the participation of individuals of all political persuasions, it has refused to allow campaigning by political parties, which it blamed for fanning the flames of sectarianism and ethnic strife that so badly marred Uganda's first 25 years of existence.

The Constituent Assembly's answer to demands for multipartyism was to specify that next year's electoral candidates would stand as individuals, rather than as

political party representatives, and that after three years, the parties would be allowed to campaign for multipartyism prior to a referendum on the issue in the fourth year of the new Parliament (1999). It is intended that this referendum would decide the issue once and for all.

As the Constituent Assembly wound up its debates, Mr. Wapakabulo said he was satisfied with the compromises that had been reached. "The federal

will be a dramatic development, and the first time that these two parties have come together. We do not mind the challenge," Mr. Kategaya points out.

Northern conflict

The NRM's brand of inclusive politics has already changed Uganda's political landscape. Next year's elections will show whether or not it has broken the mold of divisive party politics, and whether the new breed of politicians can appeal across party lines.

It will be some time before Uganda can fully relax in the confidence that it has found a durable and lasting system of government. Not least of the country's problems is the continuing insecurity in northern areas bordering Sudan, where a brutal movement known as the Lord's Resistance Army has been undertaking hit-and-run attacks. But the successful conduct of next year's elections will be as certain proof as any that Ugandans have rediscovered the will to live together peacefully.

NEW INVESTMENT ATTRACTS YET MORE INVESTMENT

The return of exiled Asians, plus the government's privatization program, is intensifying business activity.

Uganda's success at winning major commitments from both old and new investors has made the Kampala offices of the Uganda Investment Authority (UIA) a thriving hub of activity. Of nearly 5,000 companies that have collected investment authorization forms over the past four years, almost 2,000 have applied for the necessary licenses. It is widely estimated that new investments now under way amount to about \$300 million.

Incentive packages
Potential investors in Uganda are being drawn by the incentive packages made available through the UIA and also by the multiplier effect that existing investors have begun to generate.

Uganda's history has created different categories of investor. At the time of independence, 33 years ago, the Asian community held a monopoly on the country's retail trade.

Asians continued to own most shops in cities and towns throughout the country until 1972, when Idi Amin's expulsion order forced nearly all 70,000 to flee, mainly to Europe or North America.

New kind of entrepreneur
Since 1983, when the government first offered to allow those expelled to reclaim their lost properties, a

Ugandan entrepreneurs. Ugandan business leaders welcome the capital, the intensification of business activity and the competition

The key to the growing confidence of the business community in Uganda, whatever its ethnic origins, is the enhanced status of

vate-sector views on the matters of most concern to business, such as taxation and infrastructural development.

development of medium-sized estates, in real estate, as shown by a recent building boom in Kampala, in small-scale manufacturing and in construction.

Ugandans have taken a strong lead in the production of low-cost building materials, furnishings and basic foodstuffs.

Companies' growth

The growth of the larger Ugandan companies dates from the restoration of stability in the country in 1985. The Sembule group has grown from small beginnings as a nail manufacturer to a position where it owns a steel wire mill, an electronics division assembling telephones and television sets, and a street-lighting division, as well as holding important shares in a bank and an insurance company.

In terms of size there are as yet few rivals to the large Asian groups such as Madhvani, Mehta and Alam. These long-established families used their years in exile to make international contacts that have served them well as they resumed control of their factories, plantations

and trading businesses. International companies are meanwhile being lured into Uganda by means of the government's privatization program.

The companies from which the government has divested its shares include the following: Shell, Hima Cement, East African Distilleries, Agricultural Enterprises, Uganda Tea Corp., African Textile Mill and a number of hotels.

Biggest yet to come
The proceeds from these and other sales have amounted to around \$100 million, and the

buyers have embarked on further investments of \$100 million.

Among the leading players is the London-based Commonwealth Development Corp., which has been leading the way in rehabilitating tea plantations, in telecommunications and in real estate.

The next group of companies for divestiture includes Uganda Airlines, the Coffee Marketing Board and Uganda Posts and Telecommunications Corp. The government says it is looking for core investors and institutions to take majority shares,

while the balance of the shareholdings will be offered to the general public through the proposed capital market.

There are also a number of new investments in niche activities.

Several companies have already gone into flower and vegetable production for the European market, while others have started to explore the rapidly reviving market for tourism in Uganda.

The opinion expressed in some Western diplomatic missions in Kampala is that the biggest investments are yet to come.

*Road transport is one of the areas of Ugandan economic activity attracting the interest of investors.*

The opinion expressed in Western diplomatic circles is that the biggest investments are yet to come

that this new breed of Asian entrepreneurs has introduced.

Christopher Sembuya of the Sembule group of companies says that Ugandans have come to accept the renewed presence of the Asians and that most recognize that Idi Amin's attempt to run the economy without them was "a total failure."

Mr. Sembuya says he himself would like to see even greater numbers of new investors coming in on a permanent basis, adding: "I believe in setting capital rather than transit capital."

James Mulwana, chairman of the Uganda Manufacturers' Association, says: "The market is open to all investors." The Uganda Manufacturers' Association has three leading Asian entrepreneurs on its executive board, which allows representatives of small, medium- and large-sized industries to discuss their common interests and problems.

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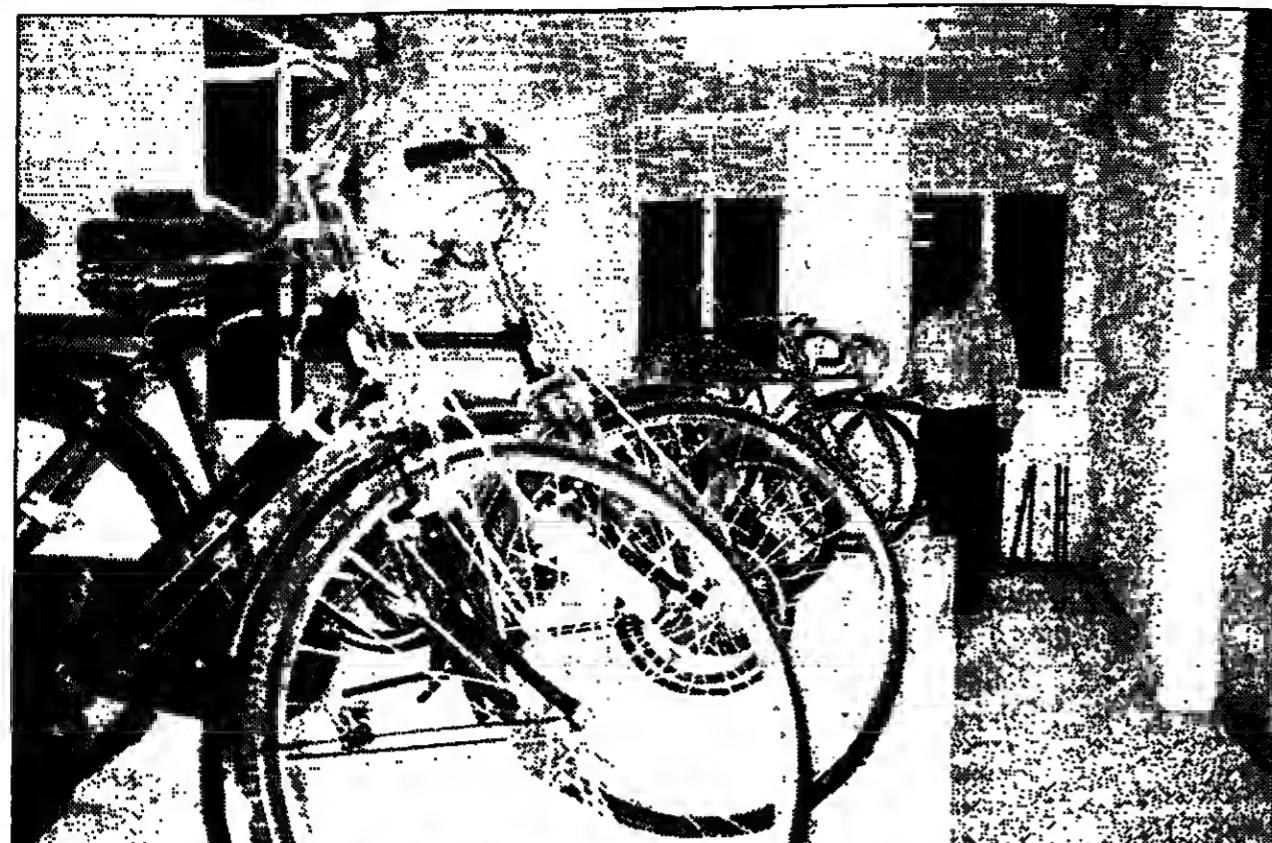
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NEW BICYCLES FOR THE NEW ERA

A new factory aims to produce 500,000 bicycles a year, employing 200 Ugandans.

When the first made-in-Uganda bicycles started to roll out of a hand-new Kampala factory in August, it was the culmination of a long and enthusiastic journey for Hari Chand Goyal, chairman of Roadmaster Industries of India.

The journey started in 1985 when RII, India's largest bicycle manufacturer, won a tender to supply Uganda with 100,000 bicycles, an order that was repeated the following year.

These orders not only established India as the dominant supplier of cycles to Uganda, but also aroused the interest of Mr. Goyal, who instantly saw the country's potential.

After a series of negotiations, and with the strong encouragement of President Yoweri Museveni, the company took the decision in 1993 to erect a full manufacturing plant.

Construction began at the Nakulolo Industrial Area, Kampala, in February 1994.

Vital infrastructural facilities, including a railway link, were installed by the Ugandan authorities, with the re-

sult that an integrated production line is now in full swing.

Big investment

"We realized that the project would only be viable if we had a large capacity," says Ashok Goyal, who is joint managing director of Roadmaster Cycles (Uganda) and a nephew of Hari Chand Goyal. "We have spent \$6 million on the first phase, and this will increase to between \$10 million and \$15 million in the second phase."

Initial production capacity will be 300,000 bicycles a year, with the potential to increase to 500,000 a year.

In the first phase, the plant manufactures frames, forks and mudguards. The second phase will introduce the complete manufacture of the chromium-plated components, including handlebars and wheels. The present work force of 100 Ugandans will soon more than double as on-the-job training proceeds.

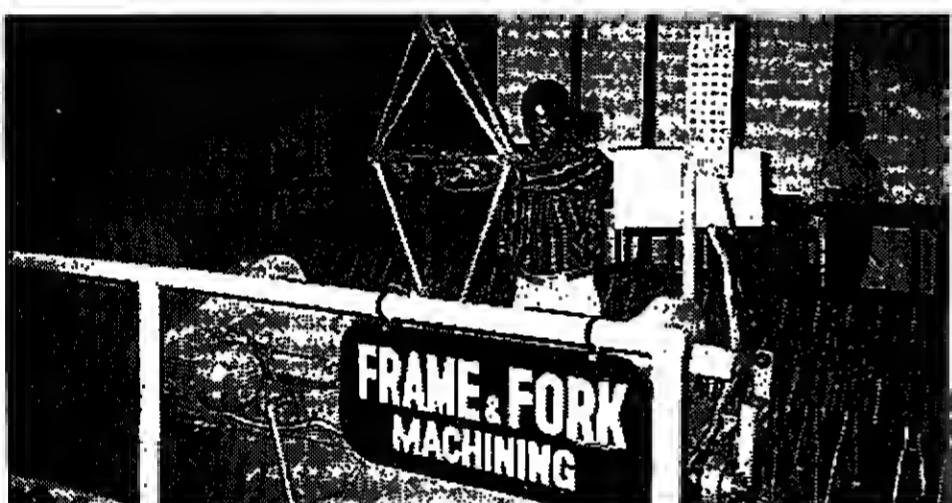
Ashok Goyal is impressed by the cooperation shown by government and local Kampala authorities. "The road was tared in two days and the electricity installed in three days. I am sure we could not have had such facilities in other countries," he says. "Generally speaking, government officials have been very, very cooperative. The attitude of encouraging investment here is fantastic. Of course, it has helped that people have been proud to have a bicycle plant in their country."

Future exports

Much of the potential for Roadmaster's investment lies in exporting to other countries in the region and even to Europe, says Mr. Goyal.

The parent company is also a leading force in India's dairy industry, and the Uganda subsidiary is now actively exploring the possibilities presented by Uganda in this field.

It has already established a trading arm, buying and exporting Ugandan agricultural commodities. This has helped to boost the rapid growth of the subsidiary, which Mr. Goyal says is already turning over about \$15 million a year.



The first phase of bicycle production - frame machining. Soon all phases will be completed in Uganda.



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FAMILY'S REVIVED FORTUNE BRINGS IN THE SUGAR

A leading business contributor to Uganda's economy expands into new areas.

Last April, the Madhvani family displayed its renewed commitment to Uganda with the full commissioning of its Kakira Sugar Works, Uganda's largest sugar factory. After 10 years of rehabilitation work, helped by a \$50 million World Bank loan, Kakira is once again the established centerpiece of the Madhvani industrial group, which includes breweries, soap and oil factories, flour mills, metal works and a tea plantation.

For the first time since 1972, Kakira is producing white sugar at its capacity of 70,000 tons a year. When the Madhvani first returned to Uganda in 1985, the cane fields were overgrown, and the factory was badly broken down.

Now, the family has reclaimed Kakira as its permanent home in honor of the dynasty's founder, Muljibahu Madhvani - who set up his first business in Uganda about 80 years ago. The factory and cane plantations employ almost 10,000 people and are a major contributor to the economy of the Jinja area. The Kakira company harvests its own sugarcane estate of 7,400 hectares, and local farmers produce from an additional 3,500 hectares. As more farmers turn to sugar, the factory's consumption may soon double from its present level of 2,500 tons of cane per day.

"We have managed to rebuild nearly all of our industries," says one of the group's directors, Kamlesh Madhvani, "although we are still working on the steel mill, glass works and textile plant. We are very bullish about the Ugandan economy."

Moving into modern sectors

Mr. Madhvani expresses the hope that the government will clarify its industrial policy and provide greater incentives for value-added activities like textiles - especially now that Uganda's high-quality cotton production is undergoing a revival.

We are very bullish

about the Ugandan

economy," says

Kamlesh Madhvani,

one of the directors

of a leading industrial

group

"We are a major contributor to the Ugandan economy," says K. P. Eswar, the company secretary. "And as a group we are one of the largest sources of tax for the government." The fact that the Madhvani's Nile Breweries - Uganda's largest producer of beer - is expanding its production from 40,000 to 200,000 crates a month can only be good news for drinkers, for the Madhvani and for the Uganda Revenue Authority.

UGANDANS REPLANT THEIR WILD GARDEN

The rise in world coffee prices is helping to finance a general surge in agricultural production.

Driving northward from Kampala along the busy Bombo road, one quickly reaches the green, rolling country that characterizes much of Uganda. Here the villagers plant their small farms with a variety of crops side by side: matooke bananas (the staple food in this part of the country), cassava, sweet potatoes, maize, beans, groundnuts and coffee bushes. If well-planned, it is a combination that provides a healthy basic diet and a small cash income.

While most Ugandan villagers are well-used to taking care of their own survival, they still have a long way to go in developing their earning capacity. It is the government's intention that the benefits of recent research work on cash crops, together with the liberalization of buying systems, will soon revolutionize farmers' attitudes and methods.

As coffee growing is still largely undertaken on small-holdings, last year's upsurge in world coffee prices was an unexpected boon to a large section of the rural population. For the first time since the monopoly of the Coffee Marketing Board was broken up in 1992, farmers saw a significant

with a view to increasing production to about 160,000 bales, equivalent to an export value of \$44 million.

A return to order and growth in Uganda's agricultural sector is also being seen in the large plantations. Last year, when the Commonwealth Development Corporation took charge of the six tea plantations that it had acquired from the Uganda government, it found that some of the tea bushes had grown to a height of 30 feet. "It was something we had ever seen before, but, luckily, once we cut the bushes back, we found that they still produce as strongly as ever," says a CDC manager.

Neglect of old-established plantations was a hallmark of the economic chaos that followed General Idi Amin's seizure of power in 1971. By 1985, all plantations had stopped producing and even the basic food crops could not be moved to the markets for lack of roads and vehicles. Ten years on, nearly all the large tea and sugar plantations are back in business and set for renewed growth.

Nontraditional boom

With the return of private investors in recent years, the area of greatest growth has been in the so-called "nontraditional" exports, such as flowers, beans and spices. Adventurous entrepreneurs are experimenting with crops that have never been tried here before, such as cocoa and oil palm.

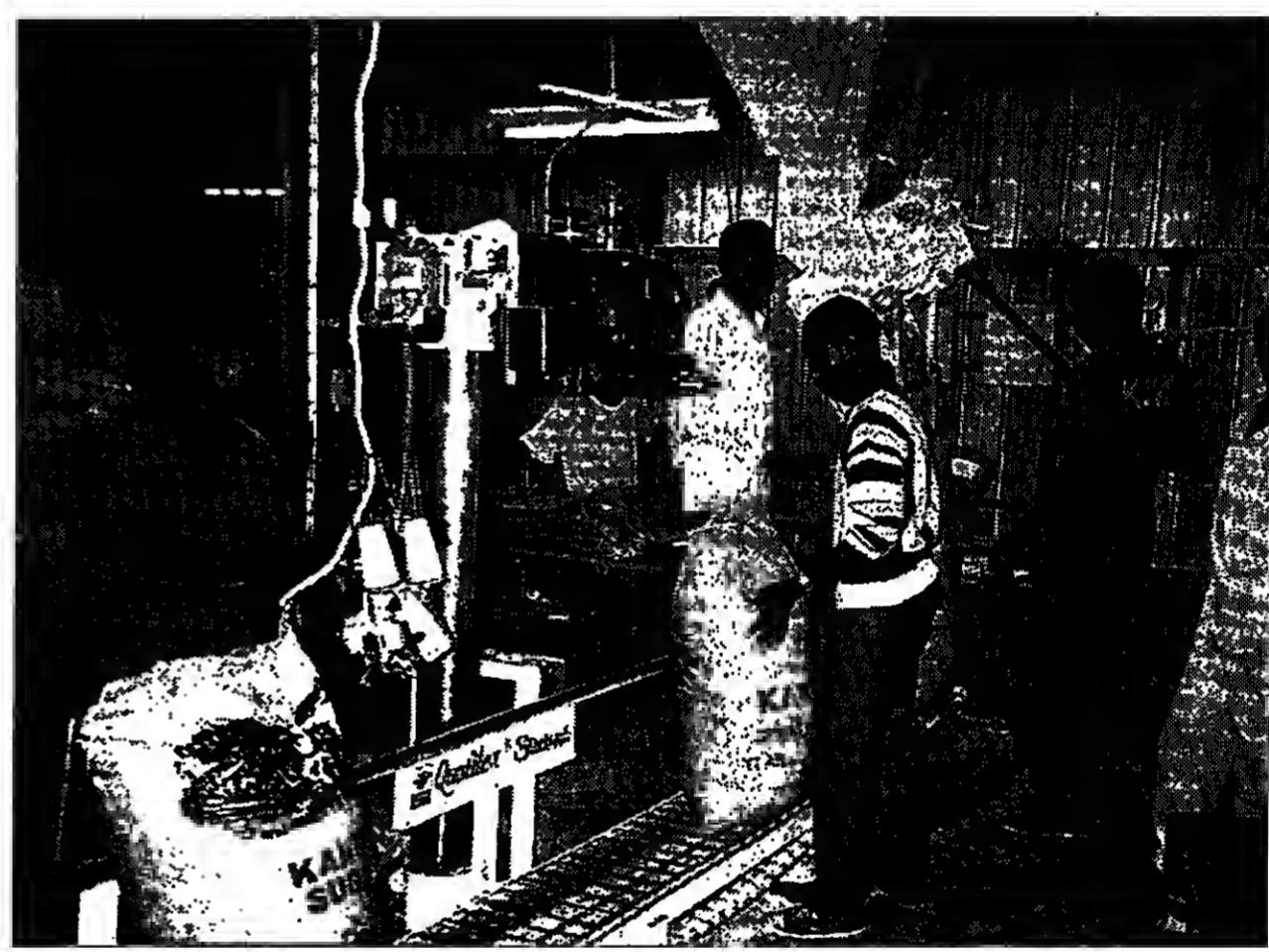
Summarizing the improvements that still have to be made to maximize Uganda's agricultural performance, a World Bank report identifies the following: improvements in technology generation and dissemination; the responsiveness of the capital market and the availability of long-term finance; access to hitherto underutilized areas; the re-establishment of peace north of Lake Kyoga; and land tenure security and the establishment of freehold tenure.

Satisfaction and strategy

Mr. Kajjuka is satisfied by current trends, particularly by the continuing growth in exports of crops such as maize, beans and sesame seeds.

"All our neighbors are in need of food, and we'll continue to be the granary," he says. Looking 10 years into the future, he adds: "Uganda has great potential to add value to its products and to reach a wider international market."

It is a strategy that needs continued investment in efficient, low-cost production as well as in the latest processing technology.



At Uganda's largest sugar factory, the Kakira Sugar Works, 2,500 tons of cane are daily turned into bags of white sugar.

RICHARD BYRNE

الآن أمان

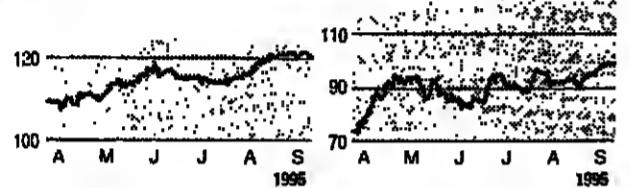
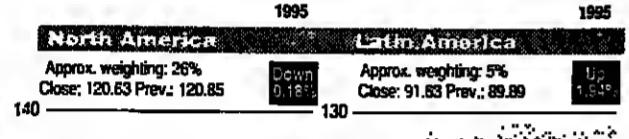
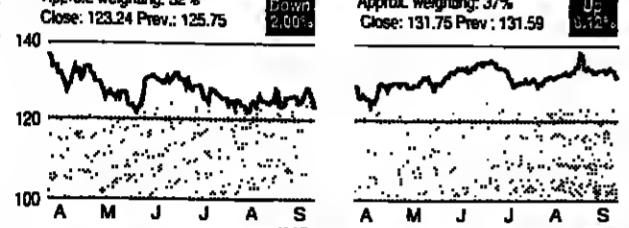
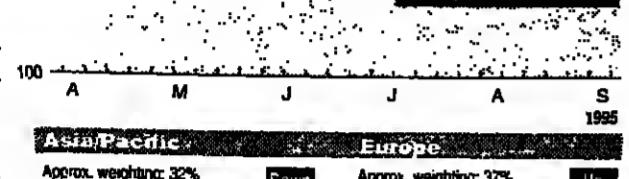
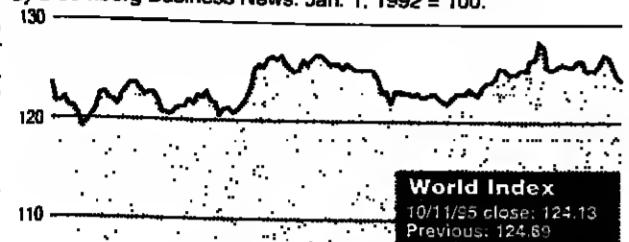
THURSDAY, OCTOBER 12, 1995

PAGE 17



THE TRIB INDEX: 124.13

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



* World Index

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the top 50 stocks are tracked.

	Wed. close	Prev. close	% change		Wed. close	Prev. close	% change
Energy	123.15	123.60	-0.36	Capital Goods	123.93	123.86	+0.21
Utilities	124.42	123.66	+0.61	Raw Materials	140.28	139.52	+0.54
Finance	115.43	117.37	-1.65	Consumer Goods	128.18	128.15	+0.02
Services	117.62	118.34	-0.61	Miscellaneous	138.58	138.27	+0.22

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

© International Herald Tribune

Chrysler Posts Fall In Profit

Minivan Output Slowed in Quarter

Compiled by Our Staff From Dispatches

HIGHLAND PARK, Michigan — Chrysler Corp. said Wednesday its earnings fell 46 percent in the third quarter on reduced minivan output, rising sales incentives, startup costs for new vehicles and economic problems in Mexico.

The third-largest U.S. carmaker said net income was \$354 million, or 91 cents a share, compared with \$651 million, or \$16 a share, a year earlier. Revenue rose slightly, to \$12 billion from \$11.7 billion.

The results were close to average Wall Street expectations of 93 cents a share, based on a survey of 13 analysts by Zacks Investment Research.

The fall in production of minivans was due to a changeover to a new model and the need to bring a second North American minivan plant on line.

The third quarter is often a low point for automakers because of the cost of model changeovers as well as reduced sales during the summer.

But Chrysler's profit was higher than in the second period, and the latest period was the third-best third quarter in the company's history, Chairman Robert J. Eaton said.

Chrysler shared shareholders in the second quarter with an unexpected 86 percent drop in earnings that blamed on costs of launching its redesigned minivan and cash rebates to car buyers.

The automaker cut incentives in the third quarter from \$1,035 per vehicle to \$870, still far above the average of \$520 the company gave out last year.

Mexico's depressed economy also hurt Chrysler's bottom line, as its sales in Mexico plummeted 75 percent in the quarter.

(Bloomberg, AP)

Analysts tend to agree that Mr. Manzi's resignation was a personal decision, one triggered by his inability to report to a boss after nine years of running Lotus, and not an indication that IBM was having major problems integrating Lotus into the fold. An IBM spokesman said, "Nothing fundamental has changed in terms of our strategy. The integration is going well."

For IBM, the key figure remains Ray Ozzie, the software genius who designed Lotus Notes, the hot-selling groupware package that IBM had pinpointed as the key reason to acquire Lotus. Mr. Ozzie was unavailable for comment but he is considered a Manzi loyalist because of Mr. Manzi's staunch support for Notes in the early 1990s when strong opinions floated around Lotus to sell off the product and focus on desktop applications.

"In only nine months," he said, "with the help of the international community, Mexico has pulled back from the brink of disaster" and a wider catastrophe affecting other developing countries has been averted.

He applauded reforms being undertaken by the IMF to im-

An Unbalanced Basket

Nokia Calls Shots for Finnish Market

By Erik Ipsen
International Herald Tribune

LONDON — For nearly three years, Europe's best-performing stock market has hung largely on a single gilded thread. This week, investors found out just how fragile that thread could be.

The share price of the Finnish mobile phone maker Nokia AB tumbled 5 percent Tuesday, pushing the Helsinki stock index to a 4.7 percent loss. Although Nokia's share price — and the Helsinki index — recovered Wednesday, nervous investors and analysts have been left wondering if the row was a freak or a mere taste of things to come as Nokia prepares to announce its earnings for the first eight months of the year Wednesday.

One thing remains certain. As Johan Rinne, an analyst with Handelsbanken Markets in Helsinki put it, "Where Nokia leads, Finland follows."

Nokia accounts for nearly 40 percent of the entire value of the companies listed on the Helsinki exchange. With one company steering the Finnish market, predicting future levels for the Helsinki stock index is perilous work.

To predict the general index you have got to know the price of Nokia," Mr. Rinne said.

Now that the market has been reminded that even its star — Nokia's share price currently stands at 26 times its level of three years ago — feels the occasional tug of gravity, the penit of over-dependence has come to light.

"This is a big shock for a lot of people who believed that Nokia shares would rise forever."

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Clinton Vows U.S. Will Retain Its Aid Policies

By Brian Knowlton
International Herald Tribune

prove national reporting of financial statistics and prepare a larger emergency fund to allow quick response to future debt crises.

He also said reforms should continue.

Mr. Clinton urged international financial institutions to "sharpen their focus" and vigorously pursue efforts to reduce poverty, in order to give "all people the chance to make the most of their lives."

The primary way to help the poor, he said, is to work to expand trade, improve investment and capital flows and work to sustain development.

Conde Charged With Profiting From Banesto

International Herald Tribune

Mario Conde, the golden boy of Spain's capitalist boom in the 1980s, faced new charges Wednesday of personally embezzling 600 million pesetas (\$4.8 million) from the bank he used to run. Spanish judicial sources said.

"We are again hearing the voices of retreat here in our own country," Mr. Clinton said. He said the calls to "just go it alone" were particularly ironic at a time when in Mexico's case, "we can see the fruits of your labor."

He praised the multilateral financial institutions for joining the United States in a program of aid to Mexico after its debt crisis early this year.

"In only nine months," he said, "with the help of the international community, Mexico has pulled back from the brink of disaster" and a wider catastrophe affecting other developing countries has been averted.

He applauded reforms being undertaken by the IMF to im-

could not be sure the company's flood of red ink would dry up any time soon.

"I would not say it is over," he said of the company's real-estate exposure. "If the market has another accident, we will bear the consequences."

■ French Bank Supervision Criticized

Jacques Bonnet, the president of the French audit commission, said it may be necessary to review the supervision of banking institutions in the wake of the bailout of Crédit Lyonnais, AFX News reported Wednesday.

It is necessary that when an institution chooses a risky policy of expansion that it has the necessary resources for such a policy: funds, competence and supervision," he said, adding that "these three elements were lacking" in the case of Crédit Lyonnais, "either fully or partially."

He said his panel planned to review activities of the banking commission.

Lotus's Ex-Chief Quits IBM

By Glenn Rifkin
New York Times Service

NEW YORK — When International Business Machines Corp. shocked the software industry with its \$3.5 billion acquisition of Lotus Development Corp. in June, handicappers wondered just how long Jim P. Manzi, Lotus's combative chief executive, would be able to co-exist with IBM's Louis V. Gerstner, no shrinking violet himself.

On Wednesday, 99 days after Lotus became a wholly owned subsidiary of IBM, Mr. Manzi provided the answer by resigning amid speculation that he had made a bid to consolidate and run all of IBM's \$12 billion software business and was rebuffed by Mr. Gerstner.

The tactic allowed Shepherd Neame to regain some of its lost sales, and people who saw the displays in Calais returned to Britain to see the brew on their local supermarket shelves.

"It was a lovely coincidence just as we were trying to be recognized nationally with our new 50-centilitre bottles," Mr. Neame said.

Despite a declining beer market, Shepherd Neame's pretax profit rose 9 percent in 1994, to £5.1 million.

But changing lifestyles and recent price wars are causes of concern for brewers, analysts said. Even though the exceptionally hot summer this year was thought to have stabilized or even slightly increased British beer sales, the industry has no firm figures to prove that.

See BEER, Page 19

Suez Chief Tries to Calm Angry Market

Reuters

PARIS — Faced with a stunning first-half loss at Compagnie de Suez SA, the company's chairman, Gérard Mestrallet, sought to restore investor confidence on Wednesday by announcing a plan to fix the company's sagging finances.

After the market closed Tuesday, Suez said heavy losses in its real estate units contributed to a first-half net attributable loss of 3.96 billion francs (\$800.2 million), compared with a profit of 795 million francs a year earlier. Investors reacted harshly to the loss on Wednesday: Shares in Suez dropped 8.9 francs, or 5 percent, to 183 francs.

Mr. Mestrallet, who outlined a strategy designed to streamline the financial-services group's structure and reinforce its financial underpinnings, said he expected Suez to break even in the second half and post a 4 billion franc loss for the full year.

The new plan will seek to impose "rigor" on operational management and position

the company strategically to take advantage of its core strengths, he said. He said the pillars supporting the company's eventual return to profitability were its Banque Industrie and Société Générale de Belgique units. That statement quashed speculation that Indosuez would be sold off in the company's overhaul.

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Union des Assurances de Paris and Banque Nationale de Paris, two big shareholders in Suez, tried to forge a three-way amalgamation with Suez, a plan Mr. Mestrallet opposed. He sought instead to do a share swap with the retailer Pinaut-Printemps-Redoute SA and to merge Suez assets with those of Société Générale de Belgique.

Mr. Mestrallet said Wednesday that he

could not be sure the company's flood of red ink would dry up any time soon.

"I would not say it is over," he said of the company's real-estate exposure. "If the market has another accident, we will bear the consequences."

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24/24 HOURS OESK - SEE CNN-TEXT PAGE 695

EUROPE

Fisons Accepts Rorer's Bid As Counteroffer Collapses

Bloomberg Business News

LONDON — Fisons PLC said Wednesday it was recommending that shareholders accept an offer of £1.83 billion (\$2.89 billion) from Rhône-Poulenc Rorer Inc. after talks with "a major pharmaceutical company" failed to bring about a counterbid.

Stuart Wallis, chief executive officer of Fisons, said confidentiality agreements prevented him from identifying the company. "It was only because of this that we did not accept the RPR offer," he said.

Mr. Wallis said Rorer's bid now "fairly values" Fisons, making it all but certain that the French-controlled company will win its two-month battle to gain control. Previously, Mr. Wallis maintained that the bid undervalued Fisons.

Fisons, Britain's fourth-largest pharmaceutical maker, had resisted the Aug. 18 offer by Rhône-Poulenc Rorer, which is 68 percent owned by Rhône-Poulenc SA of France. Rorer originally bid 240 pence (\$3.80) a share for Fisons, but subsequently raised the offer to 265 pence.

Rorer said its offer was final unless a competing bid arose, which analysts said was unlikely.

"The outcome is pretty much as we expected, that Fisons goes at this price," said Julia Dickson, an analyst with Greig, Middleton & Co.

Fisons said last week "it had reason to believe" that discussions with the unidentified large drugmaker could have led to a higher offer than the one issued by Rorer. That drugmaker, however, has cut off discussions, Fisons said.

Shareholders have until Oct. 20 at 1 P.M. to accept the Rorer offer.

Fisons said its board had been assured by Rorer that "the employment rights of all staff would be fully safeguarded." But some workers might still lose their jobs when Rorer takes over.

Many analysts have maintained that Rorer would probably win, since Fisons could have been purchased for half the price a year ago and was not. Some said Rorer took the right approach by challenging Fisons' growth strategy.

"The tough talk by RPR has worked, and they now have control of Fisons," said Franc Gregon, analyst with Paribas Capital Markets. A counterbid is "exceedingly unlikely," he said.

Fisons shares dropped half a penny, to 262.5 pence in London on Wednesday.

North West Raises Bid for Norweb

Bloomberg Business News

LONDON — North West Water PLC raised its cash offer for Norweb PLC for a second time on Wednesday in a bidding war with two Texas utilities for control of the British regional electricity company.

North West Water said it would pay £1.795 billion (\$2.83 billion) for Norweb, either 1,150 pence a share in cash or a mix of cash and stock worth 1,170 pence. That tops a bid worth \$1.74 billion bid from Texas Energy Partners PLC, a venture between Houston Industries Inc. and Central & South West Corp.

North West Water's offer includes a special dividend of 150 pence a share, which would mean an additional tax benefit to big sharehold-

ers equal to another 150 pence a share, the company said.

Norweb shares in London finished at 1,150 pence, up 66 pence, while North West Water fell 22 pence, to 574 pence.

"This offer by North West Water for Norweb represents a significant increase and a full price, which we believe should be decisive in securing for our shareholders the benefits which will arise from combining the two businesses," said Brian Staples, North West Water's chief executive.

Norweb is one of six regional electricity companies slated to be swallowed up by another company this year, reducing by half the 12 electricity distributors in England and Wales.

Britain's Biggest Bank Created in Lloyds-TSB Deal

Compiled by Our Staff From Dispatches

LONDON — Lloyds Bank PLC and TSB Group PLC agreed to merge Wednesday, creating Britain's largest bank with a market capitalization of £1.6 billion (\$2.15 billion) and assets of £150 billion.

The new bank, to be named Lloyds TSB, will have about 12 million customers and 3,000 branches.

Lloyds shareholders will own 70.6 percent of the new company. Each Lloyds share is to be exchanged for 2,704 shares in Lloyds TSB. Each TSB share is to be traded for 1 Lloyds TSB share plus a special dividend of 68.3 pence per share.

Lloyds and TSB said the merger, which is to be completed by the end of the year, would lead to substantial savings, which they predicted would rise to about £250 million a year by 1997.

Some analysts were even more optimistic. One analyst, who asked not to be named, said cost savings of £450 million by 1999 "would not be out of order," although he noted that some of the savings achieved could be reinvested.

The analyst said synergies between the two businesses include head-office functions, the overlap of their branch businesses, their dealing businesses and in-

surance operations. "This means that there is a lot of opportunity to take out costs," he said.

He added that the new bank could have to spend up to £300 million for restructuring in 1996, but that the extra cost could be offset by the possible sale of one of the head-office buildings.

Lloyds shares rose 49 pence, or 7 percent, to 768 pence. TSB shares rose 18.5 pence, or 5 percent, to 367.5 pence.

The merger requires the approval of Parliament, which the banks said was expected before the end of 1995.

Brian Pitman, chief executive of Lloyds, said the bank hoped the majority of job cuts would be achieved with normal staff turnover.

Where jobs will combine, such as at senior management level, the dealing and trading rooms and head office, he said, "The best from either bank will get the job."

When the banks announced on Monday that they were considering a merger, TSB's share surged 20 percent.

TSB has assets of £35 billion while Lloyds, which acquired Cheltenham & Gloucester Building Society for £1.8 billion earlier this year, has assets of £115 billion.

(AP, AFX, Bloomberg)

EU Approval Expected on Atlas Link

Agency France-Press

BRUSSELS — Karel Van Miert, the European Union competition commissioner, is ready to clear a link between France Telecom and Deutsche Telekom after winning vows that France and Germany would speed the opening of their telecommunications markets, a communications source said Wednesday.

His assent will allow the Atlas link between the two state phone companies to become operational from Jan. 1, 1996.

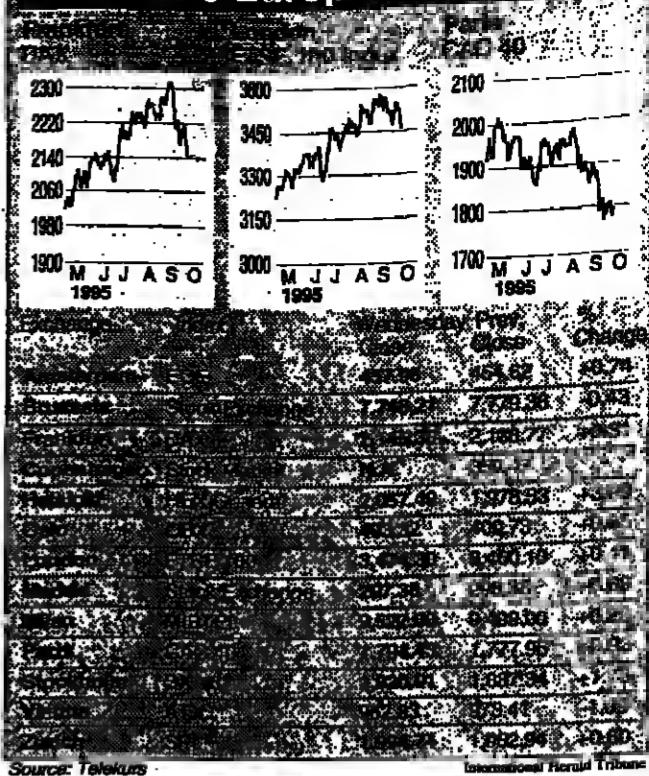
Mr. Van Miert had threatened to block the Atlas accord unless the government ensured their provision of data-transmission services to multinational companies did not enhance their market dominance.

France and Germany will commit themselves to allowing rail operators and other utilities that have their own telecommunications networks to provide data transmission services in competition with Atlas starting July 1, 1996.

■ **Germany Changes Plan**

Germany amended plans for its telecommunications market to stress its commitment to competition, while stopping short of meeting EU officials' main demands, Bloomberg Business News reported from Bonn. The government said it would force all telecommunications carriers to grant full access to their networks, and it scrapped plans to force future rivals of Deutsche Telekom to subsidize its universal service.

Investor's Europe



Source: Telekaus

Very briefly:

• SGS-Thomson Microelectronics NV said its third-quarter net profit rose to \$129 million from \$87.3 million, as sales rose 40 percent, to \$922.8 million.

• Rohm Holding AG's sales rose 2 percent in the first nine months of the year, to 11 billion Swiss francs (\$9.6 billion), as pharmaceutical growth offset the effects of a strong currency.

• Elf Aquitaine denied it was pulling out of a project to build a \$2.5 billion oil refinery in Shanghai. Elf was responding to reports that Chinese officials had said the project was canceled.

• PolyGram NV said its Miami-based unit PolyGram Latin America reached agreement to acquire all of Rodven Records of Venezuela for \$57 million.

• Scandinavian Easikids Banken AB's Easikids Securities will cooperate with Blackstone Group of the United States as advisers on mergers in Nordic countries and North America.

AP, Bloomberg, AP

BEER: Open Market Has British Brewer Hopping to Keep Its Sales Up

Confirmed from Page 17

goes to Sweden, where Shepherd Neame claims to be the top imported ale.

A potentially more lucrative market is the United States, where British brewers have been having some success. Last year, the first container of Bishop's Finger bottles left for the United States, where Mr. Neame said "here is now a movement toward 'individualist' beers."

Anthony Fuller, chairman of the London-based family brewery Fuller Smith & Turner PLC,

agreed that America was fertile ground, given the British industry's domestic difficulties. His company has exported to the United States for 15 years, he said, adding, "Thank God they like our product."

Craig Fraser, an analyst at Flemings Securities, said small British brewers had to consider finding markets abroad, but these sales alone will not buy the industry's salvation.

"A few regionals are exporting," he said. "White-collar workers in the States are becoming keen on dark beer; a New-

castle brown ale is very popular." But it is a niche market, he says, and not something a regional brewer will ever make significant profit from. His outlook is gloomy. "I don't see much of a future for the regionals."

Mr. Humphreys of Pannier Gordon was more optimistic: "If they have genuine brand values and a good retailing expertise, they will be OK."

Stepping up controls on brew-

ing technology does help secure contracts, Mr. Neame said. Brewing used to depend on gossamer and the "controllers."

Controllers, otherwise known as cats, were employed to kill the rats that ate the grain. But the cats would walk along the tanks, drink a little fermenting ale and sometimes fall in and drown. Nowadays, the tanks are sealed tight, and the laboratory works full time to detect bugs.

But Mr. de Silgy predicted that growth would recover to around 3 percent in 1996. He also stood by a report approved by the commission on Wednesday, which claimed that current economic policies could sustain growth at a rate of 3 percent to 3.5 percent a year, and help reduce unemployment to 5 percent by 2000 from 10.6 percent now.

Most economists disagreed, and even many EU officials played down the forecast in private.

"All that would be nice," said Brian Mullaney, senior international economist at Morgan Stanley & Co. in London. But, he added, "it doesn't seem terribly likely."

Mr. Mullaney said the commission was

underestimating the negative impact that corporate restructuring and government budget-cutting were having on employment. "The goals of full employment and fiscal austerity are probably at odds with each other, at least in the short term," he said.

The report said that the deep reforms in labor policies that EU countries have pledged to enact would help lower the jobless rate.

Mr. de Silgy said the combination of strong growth and structural labor-market reforms had already started a "virtuous circle" of unemployment reduction.

EU Growth Is Slowing, but Will Recover

By Tom Buerkle
International Herald Tribune

BRUSSELS — Currency turbulence and a slowdown in growth worldwide are crimping Europe's economic recovery, the European Commission acknowledged for the first time on Wednesday.

Economic growth this year is likely to be "a little weaker" than the 3.1 percent that the commission forecast in May for the European Union, Economics Commissioner Yves-Thibault de Silgy said in Strasbourg, France. The commission will formally revise its forecast in November, he added.

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AMEX

Wednesday's 4 p.m. Close
Up to the closing on Wall Street.
The Associated Press

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AirCare 257 257 257 257 +1/2 +1%

Alldent 111 1116 1154 1154 +1/2 +1%

Alpharm 125 125 125 125 +1/2 +1%

Amidex 125 125 125 125 +1/2 +1%</

ASIA/PACIFIC

Coles Myer Plan Fails With Critics Funds Want Chairman Out

Compiled by Our Staff From Dispatches

SYDNEY — Coles Myer Ltd. chairman, Solomon Lew, said Wednesday he has stepped down from his executive role as Australia's largest retailer announced a broad restructuring to try to please institutional investors seeking a shakeup.

The proposal did not go far enough, though, for some of Coles' largest shareholders, who want Mr. Lew, whose title would change to nonexecutive chairman, replaced with an independent chairman.

The three big funds that engineered a shake-up at the foods concern Goodman Fielder Ltd. last year — AMP Investments, State Super Corp. and Bankers Trust Australia — said they would try to replace Mr. Lew and other directors at Coles Myer's annual meeting Nov. 21.

Falling Prices Negate NEC's PC Sales Gains

Bloomberg Business News

TOKYO — NEC Corp. said Wednesday that revenue from sales of personal computers rose 16 percent in the half year ended in September, but that falling prices had kept profit at the same level as year earlier.

Japan's largest personal-computer maker said revenue rose to 415 billion yen (\$4.15 billion) in the half year on unit sales of 1.56 million PCs, 68 percent higher than in the same period last year. The company predicted full-year PC revenue of 940 billion yen on sales of 3.56 million units. NEC does not publish profit data for its PC business.

Yoshi Takayama, associated senior vice president, said. "Falling prices means profitability is only the same as last year. We don't see much increase in the second half." He said a shortage of parts kept NEC from filling 60,000 orders in the first half.

APEC Members Raise Pressure on Japan

Compiled by Our Staff From Dispatches

TOKYO — Japan came under pressure Wednesday to break an impasse in the Asia-Pacific Economic Cooperation forum over how to deal with financial integration in a regional free-trade agreement.

Winding up talks on an "action agenda" for next month's summit of the group in Osaka, officials of several of APEC's 18 members said there had been no change in the positions of Japan, China, South Korea and Taiwan, which seek concessions for agriculture and other sectors.

"Where there seems to be a difference of view at the moment is whether something more than flexibility should be allowed for specific sectors. That's a question the majority feel should not even be asked," Tony Miller, the director-general of Hong Kong's trade department, said.

"Most of us feel that the Bogor declaration, the vision expanded on by leaders last year in Indonesia, is categoric. It's all-embracing. It doesn't say some trade; it says all trade in goods and services."

In the Bogor declaration, APEC leaders adopted a non-binding plan for industrialized members to achieve free trade and investment in the region by

Honda Shifts Into High Gear New Models Speed Growth of Sales and Profit

Compiled by Our Staff From Dispatches

TOKYO — The weakening yen, strong demand for the Odyssey multi-purpose vehicle and success with other new models mean Honda Motor Co.'s profit is on track to double in the current financial year, industry analysts say.

Honda, which is expected to announce its half-year results in November, forecast in May it would have current, or pretax, profit at the parent-company level of 30 billion yen (\$297.8 million) for the year that ends March 31, 1996, compared with 30.83 billion yen in its previous year.

The company has not changed its official forecast, but analysts say it now looks too conservative.

Current profit includes gains and losses made on investments in securities and other nonoperating activities, but Honda said it did not have any stock-market investments.

"Honda's current profit will be 60 billion yen in the year, mainly helped by the weaker yen and strong demand for its Odyssey," said Noriyuki Matsushima, an analyst at Nikko Research Center.

Seiichiro Iwasawa, an analyst at Nomura Research Institute, said parent-company current profit, which does not include results from all the automaker's subsidiaries, could reach 50 billion yen, helped by the yen's decline in value the last six months, as the dollar has recovered to around 100 yen from a low of 79.75 yen in April.

Analysis were equally skeptical. David Perry Austock Brothers said the reorganization would be seen "as a bit of a diversion" rather than a serious effort to solve problems.

(Bloomberg, Reuters, AFX)

Jones Prices Offering

The department-store operator David Jones Ltd., one of the oldest retailers in Australia, is pricing its public offering at between 1.95 dollars and 2.15 dollars a share for institutional investors, Bloomberg Business News reported.

Retail investor can apply for shares at 2.15 dollars. If the final price is lower, they will be refunded the difference.

The price is between 11.3 times and 12.5 times the company's projected 1996 earnings, about the same multiple as its competitor Coles Myer.

The final price will be announced Nov. 27, the day the shares begin trading.

Hong Kong Lures New Stock Investors

Bloomberg Business News

HONG KONG — Hong Kong companies are doing what seemed impossible just months ago: finding buyers for new stock.

The market is up and investors are looking for ways to put money into China without buying the stock of Chinese companies.

Companies including New World Development Co. and China Resources Holdings Ltd. are taking advantage of the situation by spinning off subsidiaries.

Smaller companies are riding in their wake, selling shares to the public for the first time.

"The timing is right," said Ravi Narain, research director at Peregrine Brokerage Ltd. "It makes sense for these companies to come to market now."

Some investors here and abroad expect China to ease credit early next year if it can get inflation under control.

This week, unlisted China Resources said it had received nine bids for each share it was selling in its food unit, Ng Fung Hong Ltd. The sale is expected to raise 630 million Hong Kong dollars (\$81.5 million), largely for acquisitions in China.

Ng Fung Hong, Hong Kong's largest distributor of meats and produce, sold 390 million shares at 11.5 times its forecast 1995 earnings — twice the price/earnings ratio of some Hong Kong competitors.

"It's really not cheap," said Ambrose Chang, who manages \$350 million for East Asia Hamon Asset Management.

Yet Mr. Chang said he hid for several million shares because he thinks they may rise as much as 15 percent within weeks.

Ng Fung Hong starts trading on Oct. 25.

Judging by previous sales, Mr. Chang could be right.

Take Magician Industries Holdings Ltd.,

a maker of household products. It's one of about eight small Hong Kong companies to sell new shares since July. The stock rose as much as 23 percent on its first day of trading on Wednesday.

Competition for Cathay?

Shares in Cathay Pacific Airways were little changed after China again warned of turbulence ahead for Hong Kong's dominant carrier.

Analysis expressed surprise that Cathay's stock hardly reacted to comments reported in Wednesday morning's press by a top airline Chinese aviation industry official.

Shen Yuankeng, He said that a Hong Kong airline now being planned by the China National Aviation Corp. would offer Cathay "healthy competition."

The airline's shares fell 5 Hong Kong cents, to 12 dollars, on Wednesday.

Investor's Asia



Very briefly:

• Reliance Industries Ltd., India's largest private-sector company, said net profit rose 33 percent, to 6.33 billion rupees (\$187 million), in the first half of its fiscal year.

• CSR Ltd., the Australian building products, sugar and aluminum company, said it expected that its first-half year trading profit would be 15 percent lower than a year earlier.

• South Korea will allow foreign companies to issue securities and list them on the Korea Stock Exchange in the first half of 1996, the Finance and Economy Ministry announced.

• Asia Satellite Telecommunications Co. said China's state launching company was ready to send its AsiaSat 2 into orbit by early December after a delay of almost a year; it expects to launch AsiaSat 3 in 1997.

• Marks & Spencer, the British retailer, plans a cautious start in China with a single Shanghai store, but could quickly expand nationwide into a 50-outlet chain, a company spokeswoman said. Marks & Spencer is working with its British suppliers to establish sourcing in China, she added.

• Cats Inc., a Japanese pest-control company, made its debut on the over-the-counter market Wednesday, with shares trading at 1,200 yen (\$12.1), compared with the offering price of 590 yen.

• Acer Inc., Taiwan's largest maker of personal computers, began selling 85 million shares to overseas investors, an investment bank familiar with the sale said; at Wednesday's closing price of 66 Taiwan dollars (\$2.45), the sale would raise 5.61 billion dollars.

• Depositors rushed to withdraw funds from the District Farmers Cooperative for a second day this week in Taiwan's third bank run in three months.

Reuters, AFP, Bloomberg

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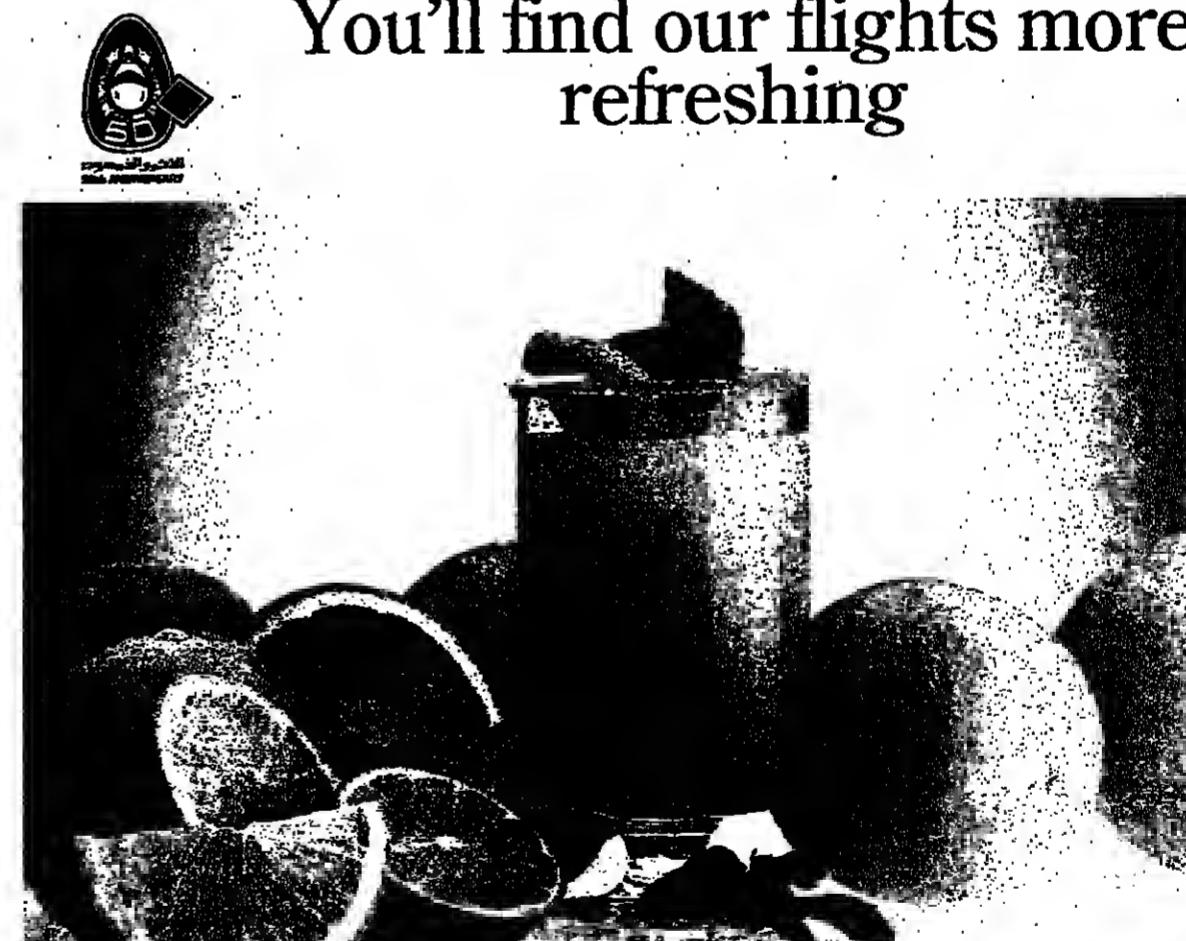
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NYSE

Wednesday's 4 p.m. Close

Nationwide prices, not reflecting late trades elsewhere.
The Associated Press

Continued on Page 24

If you're looking for interesting investment opportunities, you could travel to all seven continents, familiarize yourself with the local languages, customs, and economies, analyze their five-year currency fluctuations, establish domestic lines of credit, and study the unabridged texts of the local tax, securities, and limited partnership regulations.

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The conference agenda for the second half of 1995 includes the following events:

■ THE NEW FRANCE: IMPLICATIONS FOR GLOBAL BUSINESS <i>Paris, October 16-17</i>	■ THE BALKANS SUMMIT: THE ECONOMIC & POLITICAL OUTLOOK <i>Athens, October 30-31</i>
■ THE UNITED GERMANY: IMPACT ON BUSINESS & THE ECONOMY. <i>Berlin, October 19</i>	■ OIL & MONEY: POLITICS & PROFITS <i>London, November 2-3</i>
	■ GLOBAL FUND MANAGEMENT <i>Singapore, December 4-5 & 6</i>

For further information about any of the above conferences or for 1996 program details, please telephone or fax

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SPORTS

Russia Wins Its Group, France Beats Romania

Compiled by Our Staff From Dispatches

Russia became the first country, besides host England, to guarantee its place in next year's European Championship soccer finals when it beat visiting Greece, 2-1, Wednesday.

France upset Group 1 leader Romania, 3-1, in Bucharest to give itself an excellent chance of qualifying, while Bulgaria suffered its first defeat and missed a chance to clinch the top place in Group 7 when it was upset, 2-1, by Georgia in Tbilisi.

In Cardiff, Jürgen Klinsmann scored 10 minutes from time to give Germany a 2-1 victory over Wales in their Group 7 qualifier.

The Germans pulled level on points with Bulgaria at the top of the group.

But the Bulgarians, who won 3-2 when the two countries met in Sofia in June, retain the lead going into their decisive qualifying match in Germany on Nov. 15.

A 71st-minute goal from Viktor Onopko, former Russian player of the year, gave his team its victory and ensured that Russia would win Group 8 and take the one automatic qualifying berth.

Yuri Kovin put the Russians ahead after 36 minutes before Yotis Tsalouhides equalized in the 64th minute. Seven minutes later, Onopko wrapped up the points.

Russia's victory also meant that Scotland will finish second in the group, ahead of Greece.

In other Group 1 action, Israel banded Azerbaijan its ninth consecutive defeat with a 2-0 victory in Tel Aviv, while Slovakia ended Poland's hopes with a 4-1 defeat in Bratislava.

Liechtenstein ended its 10-match qualification series with its ninth defeat, a 4-0 loss at home to Northern Ireland. Cyprus drew, 1-1, with Macedonia in a Group 2 game.

Names' Christian Karembeu put France ahead at the half-hour when he headed Zinedine Zidane's cross past Romania's goalkeeper, Bogdan Stelea, then up by ramming the ball home with his left foot.

Midfielder Youri Djorkaeff increased France's lead three minutes before the interval when he netted the rebound after

Stelea parried a shot from Christophe Dugarry.

Stelea, Bucharest striker Marius Lacatus pulled one back with a fine solo effort in the 52d minute before Zidane put the result beyond the Romanians in the 72d.

That left France a point behind Romania with one match to go.

Romania now needs to win its final match in Slovakia on Nov. 15, and hope that France loses at home to Israel on the same night, to ensure first place.

A third-minute shot by Shota Arveladze and a second-half penalty by Georgi Kinkladze, who plays for Manchester City, opened up a 2-0 lead for Georgia.

Although AC Parma star Hristo Stoichkov replied two minutes from the end, the Bulgarians couldn't stop the Georgians from posting their fifth victory against four defeats.

In Dublin, two goals by striker John Aldridge led Ireland to a 2-1 victory over Latvia in a Group 6 qualifier and kept them in contention for a place in next year's finals.

(AP, Reuters)



Bruce Grobbelaar, left, and John Fashanu outside the court in Southampton.

England Bribery Charges Detailed in Court

The Associated Press

SOUTHAMPTON, England — Former Premier League striker John Fashanu has charged with paying bribes to two goalkeepers, according to the details of England's biggest match-fixing case in 30 years that were revealed Wednesday.

Fashanu appeared in Southampton Magistrates' Court along with Southampton goalkeeper Bruce Grobbelaar, Wimbleton goalkeeper Hans Segers and Malaysian businessman Heng Suan Lim, with all four released on conditional bail until Dec. 1.

They were arrested in March and charged in July with conspiring to fix matches between Feb. 1, 1991, and March 15, 1995.

The charges were disclosed during Wednesday's court appearance.

Fashanu is accused of making cash pay-offs to Grobbelaar and Segers to fix two Wimbleton matches in 1993 and 1994.

Grobbelaar, the former Liverpool goalkeeper, allegedly accepted £40,000 (\$63,000) from Fashanu in London on Nov. 25, 1993 to fix the Nov. 21 Newcastle-Liverpool game. Liverpool lost, 3-0.

The charges carry a maximum penalty of seven years in jail and/or an unspecified fine.

Grobbelaar is also charged with accepting £2,000 from his former Zimbabwean business partner, Christopher Vincent, on Nov. 3, 1994 at Southampton "for improperly influencing the outcome of a football match or matches."

Segers, Wimbleton's Dutch goalkeeper, is charged with receiving £19,000 from Fashanu in London between Oct. 21 and Oct. 25, 1994, to fix the outcome of the Oct. 22 Wimbleton-Liverpool match. Liverpool won, 3-0.

The charges carry a maximum penalty of seven years in jail and/or an unspecified fine.

Fashanu's wife, Melissa Kassa-Mapsi, 29, was originally arrested and charged, but the Crown Prosecution Service has dropped charges against her.

Fashanu retired from soccer after a series of injuries and is now a host of the popular television series "Gladiators."

SCOREBOARD

FOOTBALL

CFL Standings

North Division

W L T PF PA Pts.

Calgary 14 1 0 571 333 118

Edmonton 10 5 0 495 316 96

BC Columbia 9 6 0 445 274 91

Hamilton 7 8 0 387 301 83

Saskatchewan 5 10 0 357 383 10

Winnipeg 5 11 0 324 590 12

Toronto 5 11 0 385 426 6

Edmonton 2 13 0 255 597 4

South Division

W L T PF PA Pts.

Calgary 13 3 0 489 326 24

Edmonton 9 6 0 459 397 18

Saskatchewan 9 6 0 404 359 10

Memphis 7 7 0 287 295 16

Shreveport 5 11 0 411 450 10

Calgary playoff berth

Monday's Results

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